

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

April 30, 1985

EVENING SITTING

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

AGRICULTURE

Ordinary Expenditure – Vote 1

Item 1 (continued)

MR. ENGEL: — Mr. Chairman, thank you. Mr. Minister, you've had a couple of hours during the supper hour. Have you done some calculations on the distribution of the size of the tax credits that you've mailed out? You tell me there's about 4,000, that totals about four and a half million dollars if all of it is taken up. What percentage of that amount do you expect to be from farmers that will not have to pay tax? What percentage of those will not be paying tax?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, my very competent and efficient officials worked diligently over the break, and as you will know, as you will know, and, in fact, I'm just going to have the page get the information that we have for you xeroxed, and in so far as a categorical breakdown of the tax credit date, I think you can appreciate that it is a tax form, income tax form information, and I have no difficulty providing it to you on a confidential basis.

MR. ENGEL: — Thank you, Mr. Minister. Some of the braying members of your colleagues, Mr. Minister, are saying that numbers are going to be confidential tax information. I just wanted to know: are there 1,000 taxpayers in Saskatchewan going to get a million dollar tax break? Are there four taxpayers going to get a million dollars each, and a couple getting \$2, that'll average out to \$1,072? You know, I just wanted a breakdown, and that doesn't affect anybody's tax, because there's no way you can trace that back and pin-point, and say that this individual got so much money. I didn't want to have you disclose anybody's individual tax. So we'll carry on with that line of questioning once the page delivers the information to us.

The next question that I think needs to be dealt with, and is going to be one that seriously affects farmers, and that has to do with a question that I asked in question period today, Mr. Minister, that you didn't provide the answers for, and that is regarding the second Hall report and the report that came down by Hall that did this second one, not Emmett Hall, but the other Judge Hall that did a report regarding a payment to farmers rather than railways.

And I think, Mr. Minister, this is setting a very serious trend in our province that you would go along and say that this is one I want to ride the fence on; this is one I want to be neutral on, and 50 per cent of the payments will go to farmers and 50 per cent to the railways. Now that that report is out, will you use your office, will you use your office to see that that report lands up in the same file as all the other reports and a lot of the other reports that dealt with farmers?

We've had studies before when a government didn't want to effect the change, and decided we're going to do a study. In this case, I would suggest that you would use your good office and contact your colleagues in Ottawa, contact Don Mazankowski and Mr. Wise and tell them very, very clearly and very plainly that the payment shift to farmers is going to make it look like the farmer is getting a subsidy. And Mr. Minister, I don't agree with that concept, and I'm sure you don't.

And I want you to take the time of this House tonight to give us a concrete assurance of what position you're going to take and what you're going to do regarding the Hall report.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, what I'm going to do with the Hall report is read it and study it, and have my officials read it and study it. And at that point in time, when I've had a chance to review it, and review it with my colleagues, then I might have some comment to make on it.

MR. ENGEL: — Mr. Minister, there's very little doubt in the impact of that report, because the report says, number one, that payment should go to the farmers rather than the railways.

MR. CHAIRMAN: — Order, Under rule 81(2), "speeches in Committees of the Whole Assembly must be strictly relevant to the item or clause under consideration."

I've allowed you to ask this question off the topic once. Order. I warn the member for Quill Lakes that we will not tolerate him speaking when the Chairman has the floor. I hope the member for Quill Lakes will understand this . . . (inaudible interjection) . . . Order. I caution the member from Quill Lakes that if he continues in this type of conduct I will have to report him to Mr. Speaker. So I caution you.

Now, as for the matter at hand here, I've allowed a little divergence on this topic, but certainly I can't allow a lengthy debate this evening on this topic. It's not a matter of estimates. So from time to time I'll let you diverge a little, but not for a lengthy period of time.

Have you got any other questions?

MR. ENGEL: — I have many other questions, some that relate to the note that the minister just sent over, and others to relate to the activities of his department.

Mr. Minister, how many staff people do you have that are presently involved in — not from the transportation agency — I want to sort this out very carefully. And when you take in the statisticians that you have in that department, along with staff that would deal directly with input costs as they relate to farming, and as they particularly relate to the effect of the farmer's income as it relates to his freight rates, do you have people on your staff that are working on that aspect of it and are informing you as to what kind of an impact the Hall study and the Hall committee might have? Do you have staff people studying that aspect of the farmers' input costs?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, the kinds of research and research personnel that you're alluding to would be, I guess I could say, totally based in the transportation agency. As it relates to input costs particularly, we have people working almost on a daily and constant basis with that side of farming, the production economics side — particularly based in the economics branch with 30 person-years, six farm management specialists around the country. Those would be some, I think some of the kinds of things you're looking for.

MR. ENGEL: — The argument that I have with the Chair tonight: in that he thinks the freight rates and as it affects farmers whether the payment goes to farmers or not, that isn't directly related to this budget. And it's directly related to this budget when you have \$64 million spent in ordinary Agriculture as a total figure.

And when you have 65,000 farmers out there that are now going to be getting a cheque for the grain they're hauling, and the freight rate assistance is going to go directly to them, if this solution that Hall recommends comes about, Mr. Minister, I want to tell you that the impact that will have on the 60,000 farmers that are in Saskatchewan, versus the 5,000 farmers that can handle that kind of impact, is very, very severe. And I think you better have somebody around you that is looking at the impact of the freight rate being paid to the farmers. Those 60,000 will get a small cheque; they'll get a very small cheque now, but Ottawa will completely lose control of the kind of service that the railways are providing to those 60,000 farmers. And Mr. Chairman, I would

suggest to you that this is a very relevant topic as far as the farmers of Saskatchewan are concerned, and it's relevant under item 1 in the debate, because 60,000 farmers stand to lose another opportunity to survive.

Here is a minister, and I'd like a commitment from the minister saying that we will contact our colleagues in office, we will get down there on the double, and we will recommend to those people that, look, take a second look at it; don't act immediately on Hall's report, because the impact is going to be on 60,000 Saskatchewan farmers. Five thousand farmers, I'll go along with you, and I'll submit that they will be able to handle it. They'll like the cash coming to them. I believe that the farmers that have more than 1,000 hectares of land, those farmers that are in that category are going to impact favourably and are going to tell you, Mr. Minister, that changing from payment to the railways to the farmers is a good thing, and all I'm saying is that, speak on behalf of the 60,000. Make a message on behalf of those farmers that are going to be impacted more severely.

I would like to thank you for sending those numbers over, but the numbers only relate, the numbers only relate to 100 head of cattle. Now, I know and you know that there are an awful lot of feedlots in Saskatchewan that have fed out and sold more than 100 head, because you said 250 farmers in Saskatchewan got more than \$2,500. Now \$2,500 would relate to \$25 a head for 100 head of cattle.

I would suggest to you that there is a couple more categories we need here. And I would like that broke down from the 250 on up to the point where you get down to five or 10 having received the ultimate, the maximum amount you paid out. And if you can give me that breakdown, and just break down from the 250 up. The first 4,000, the 3,750 farmers getting less than \$2,500 — I know that. I know where they're at and I know what that averages out to. Now if you can . . . My colleagues are calculating that out to see how much it comes to, and they'll tell me in a short while, they'll tell me in a short while how much money the 3,750 got. What I want to know is, a breakdown of the 250 on up, if you don't mind. I think that's not asking too much.

You must have those numbers kind of handy, because if they had time to come up with this breakdown over supper, I'm sure that by the time I finish asking the question, they can have the numbers for you.

If you would quit reading the paper and pay a little attention, Mr. Minister, maybe we could move on with the estimates that are before us.

But I would like a breakdown further from 250 up saying that 50 got in excess of so much. Three more breakdowns of the 250, and we'll have the numbers down to where they're more meaningful to this Legislative Chamber.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I think the point is well made by the numbers here to indicate that in fact it's not some big tycoon who just blows in from his condominium in Hawaii to put his tax credit in place. I think the facts are well made. Something in the order of 81 per cent of the tax credits are for less than \$1,250. I think that if you divide that by \$25, I think the observation, the conclusion you'd have to draw, is that those 80 per cent of the individuals are not claiming tax credits on 100,000 head, if that's what's worrying you.

MR. ENGEL: — Mr. Minister, I don't think that we're dealing with a situation, I don't think we're dealing with a situation here that I should have to draw conclusions. And I don't want you to stand up in this House and say that we have \$4.5 million for farmers in tax credits, and that it averages out \$1,072 each, because, Mr. Minister, you know and I know that's not accurate. That's not accurate.

And I think that we can get down to some basics and cover this off if you don't expect me to make assumptions. I think it's time we face realities here, and that your programs are designed

with specific targets in mind. They're targeted to special and specific groups.

You decided to implement a program that would encourage investment, that would encourage investment in the feedlot industry. Now that's great. I say that if you can make capitalism work like that, so be it. Make it work; use your money; use your tax credits to make that work.

But tell us, tell us the numbers. Tell us what it really cost, what it really cost the taxpayers of Saskatchewan in the loss of benefits from taxes they were paying. And I think you should be able to tell us a breakdown of these 250 farmers that got more than \$2,500, and what percentage of the 4.5 million that was, and we can take it from there. And you can give us a breakdown saying the top 50 got more than how much. Was it 50,000? Was it 100,000? How much was it?

If that is too difficult for you, Mr. Minister, there are only four or five feedlots in the province. You must know how many they fed out, and who were the owners of those cattle, and what cheques went out. Give us a breakdown of the top 250, and we'll know how much money went in this, and if your program really was working and really was attracting capital from the people that have capital.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, you're quite right. I suppose, by the very nature of the family farm out there, when you put a program like this in place you tend to target at the average kind of family farm. And just as the statistics would tell us, if I had them in front of me, that the average sized cow herd in Saskatchewan is 39.3 cows — that is, in fact, the case, or it might be 42.1; it's not 4,000. And similarly with these numbers here, we have a situation where in the beef side, over one-half of those claiming a tax credit, over one-half of them, are below \$500. Over 81 per cent of them are less than 1,250. I mean, does that not tell you that there is a lot of ordinary family farmers who are interested in feeding out 50 calves, 90 calves, a liner load of calves? They're doing it, and they're reaping the benefits and the fruits of well over a \$1,000 tax deduction. Now what can be so sinful in that? It's created jobs in the feed plants; it's created jobs for the guys selling slabs to build corrals; it's even created jobs for the veterinarians out there, I'll bet you. The guys selling fence posts; the guys selling supplement; the packing plants. I'm sorry. If the program has been a success, I apologize.

(1915)

MR. ENGEL: — Mr. Minister, you don't have to apologize for anything. I told you when you introduced this program, there are farmers out there that are paying a little tax, and they'll take advantage of the tax credit for the beef they have. But I want to submit tonight, Mr. Minister, in no uncertain terms, that 3,750 farmers, according to your numbers, didn't raise one more steer. Not one. You didn't change anything for the average producer. The 3,750 farmers that were feeding beef and were feeding calves would have fed them with this program or without this program.

The thing that the accountants were telling us all over the country, the accountants were telling us if you would have come up and given a cheque, if you would have given a cheque of \$25 a head to those 3,750 farmers each, they would have had the money, Mr. Minister. They would have had the money. The way it is now, those 3,750 farmers that did the bulk of the cattle would have done it anyhow. But most of them, I submit, Mr. Minister, weren't able to use the tax credit because conditions on the farm are such that they are not in the income tax bracket. Conditions on the farm . . .

AN HON. MEMBER: — Do you have a question?

MR. ENGEL: — Yes, I do, Mr. Minister, and I'll take as long to ask it as I jolly well feel like. The point I am making with you, Mr. Minister, is that there's 250 people in Saskatchewan, there's 250 people in Saskatchewan that got involved in this program because of a tax credit. I believe it's

good if they bought some cattle and fed them, especially because of the drought. When my ranchers and my farmers wanted to get rid of them, and couldn't keep them for the winter because they didn't have enough cattle, they had a place to sell them.

Those 250 people that got 2,500 or more are in a bracket that's different and unique from the average 3,750 farmers. And, Mr. Minister, we'd like some numbers. We'd like to know how many they were and how much their tax credit was, because they're the guys that got the bucks. They're the guys that didn't have to pay the income tax. I don't think it's 250.

I think that number will go a lot higher; that number will go upwards. It's not \$2,500. I think the top is a lot higher than that, Mr. Minister. You know it's higher than that; I know it's higher than that. Tell this House how much it is.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, he asks the question, puts the proposition forward that not one more head was fed in this province because of the tax credit, and once again his economic illiteracy doesn't ring true to fact.

The fact of the matter is if we look at fat steers and heifers in the province, '84 over '83, a 17,000 head increase. The hog numbers are even more startling: '84 over '83, 769,000 plus in '84; 612,000, '83 — a 25 per cent increase. Increases in both those areas.

Now you name me another province across Canada that had those kind of increases, name me another one that had those kind of increases, never mind that they weren't facing a drought, and barley shortages, and hay shortages, and pasture shortages, and water shortages.

Now I'm not so naïve as to think that one government program in isolation stimulates the cattle business by itself, but I'll tell you what: while the NDP were in power in this province not once did you ever give a tax break to agriculture. Not once ever. Not one tax break ever to agriculture.

There was MURBs; there was cinemas; there was oil . . . (inaudible) . . . but not tax breaks for agriculture. It's the first tax break for the family farm. And we're kind of half proud of it. And the numbers speak for themselves.

That, in conjunction with our irrigation development, our Agricultural Credit Corporation of Saskatchewan changes, the feeder loan guarantee program, which has been a tremendous success out there . . . Of one program that I couldn't believe how popular it's been out there, has been that program.

And the other point that I think is worthy here: you are trying to suggest by innuendo and by casting aspersions that some big feedlot out there is making a windfall profit. Well, if you had met with any feedlot operators, or the feeders' association, as I have on more than one occasion, you would know she's tough grinding out there feeding cattle today, and if you think anybody's making a windfall profit, you're sadly mistaken, my friend.

But the advantage of this program is, you let them keep the money in their pocket if they do make some. You reward success a little bit.

Now I know that's hard for you to understand. You've got to have that big state socialist banker in your pocket, grabbing your cash. If you happen to make a few bucks on the farm, zap, there come the NDP. They'll take it on you. It's a little tough for you to get your head around that. But we'd just like to encourage success a little bit, and the proof is in the pudding.

What are the numbers? Seventeen thousand up in the fat cattle, steers, and heifers, and 25 per cent increase on the hogs. And the hog board, the other night when we met with them, suggested that those numbers this year will go from 769,000 to possibly 900,000.

Now what was the NDP record when they were in power for a decade? The hog numbers were 1.2 million, something in that order — the highest, perhaps, in the last two decades in this country when they came into power. And by the time they were finished and got booted out by the people of Saskatchewan, you had taken hog numbers from 1.2 million, and with your great programs you had reduced them to 600,000. And we've slowly been building our way back.

MR. ENGEL: — Mr. Minister, I'm going to stay with the beef until we're through with that before we get into the hog operation. And we'll talk a little bit about the hogs. I can forewarn you that I will have a little word for you on the hog situation.

If what I'm saying isn't correct, Mr. Minister, why do you not give me the numbers of the producers that are over the 250, and how many cattle, and how much tax credits they get? Why can't you share those numbers that you have before you there?

HON. MR. HEPWORTH: — Well, if you go through the numbers that I provided for you, in categories as you asked, you will note that 92 per cent of the beef tax credits are less than 2,500 — 92 per cent. And in the hogs, 97 per cent of the credits are less than 2,500.

Now you can continue to push this ideology of limiting farm size, and controlling land, and production on the land; that's your style, not mine. I've given you the categorical breakdown to the point where we've got less than an 8 per cent variation within the groups. And I think we've given you adequate information to draw any conclusions you might want to draw about the success or failure of that program.

MR. ENGEL: — You haven't given a thing. You've never given one figure here that indicates how much the top 8 per cent got, and that's basically what I'm trying to get.

I'm trying to find out from you, Mr. Minister, very simple and straightforward, there's 8 per cent of the people that got tax credits that need the tax credits. There's 8 per cent of the investors in this program that use the program. There's 8 per cent of the people out there with a little money that bought the feeder stock down South where there was no feed. They were going to sell them anyhow. They were putting those cattle on the market, and I'm glad they got some money to buy them. But, Mr. Minister, the question is: how much money, how much money did those top 8 per cent get?

You can put your head in the ice box and your feet in the oven; and we can get an average temperature, and I think maybe you've had it in there for awhile. But, Mr. Minister, unthaw it a little while and come up with some numbers and tell us how much money of the four and one-half million dollars in tax credits did the top 8 per cent get. That's all we're asking. Very simple, in dollars and cents.

HON. MR. HEPWORTH: — The average was \$1,072, 97 per cent; and the hogs were less than 2,500, 92 per cent; and the beef were less than the 2,500. No matter how you jiggle the numbers around, I think you'll find for the most part the average tax credit of 1,072 probably represents exactly that — an average. There is, I suppose, some on one end who claimed five head, and others on the other end who may have claimed 1,000 head, but the bottom line is that 92 per cent of them fell within the 100 head and less.

MR. ENGEL: — Ninety-two per cent of the producers had 100 head and less. I agree with that, but Mr. Minister, there's 8 per cent of them that maybe had over 1,000 head each. And all the point I want to make is that you had lots of money for them, because the 91 per cent, the 91 per cent didn't cost you any money, didn't cost the treasury any money, because those people would have raised those cattle anyhow. And out of those 91 per cent, the tax people that are doing income tax right across this province have been telling us, we haven't got any of them on our forms. We haven't got any of them on their forms.

One tax adjuster told me, I filled out 600 claims of ranchers in your country — 600 claims. Two per cent got tax credits; half of those used them. Mr. Minister, that doesn't tell me there's a fancy program here. So we got our heads together and we decided, now . . . (inaudible) . . . 4,000 — if \$3,750 got zippo, 250 must have got a lot of money — 250 must have got a lot of money, and Mr. Minister, you're ashamed of it.

I'd think you'd stand up in here, as a capitalist, and say, our program worked; we've got 10 investors in this province that got close to \$100,000 in tax credits. That's what our program did. We got all these beef in here. Why didn't you stand up and brag about a program that works? Why are you afraid to tell the people of Saskatchewan that you implement programs that are good for the wealthy? Why are you afraid to tell us that? Because here you've got a situation where a lot of farmers participated. Four thousand farmers sold cattle, 3,750 got tax credits of less than \$1,200. That's what it says on my paper here, less than 1,250 — 81 per cent, 81 per cent. So 9 per cent — am I right to calculate that across it and say that 9 per cent got \$3 million? Is that true? Nineteen million? . . . (inaudible interjection) . . .

Okay. Nineteen per cent got \$3.5 million. Now I'd like to know what the few . . . Give us some numbers, Mr. Minister, and we can get on with the show. Because you're a capitalist; you believe in the capitalist system. Brag about it a little bit. Tell us how good it was. Let the people know what you've done here and how good it is for the people. And let us know why we have this deficit, and why we're spending and collecting so much less on income tax.

HON. MR. HEPWORTH: — The question before dinner was to provide you with some numbers of feeders in various categories. That we have done.

The question now seems to be one of: how much money does each category represent? I don't have that. I can't get it tonight, but I undertake to provide it to you as soon as possible, hopefully and presumably tomorrow. How's that?

MR. ENGEL: — There's a couple of other questions you had undertaken to provide some other information. Will you provide that as well? It was regarding a private telephone line. Could you provide that in writing, too? You undertook it the very first day of estimates to provide such.

I think I'll pass to my colleagues who wanted to get into this aspect of it.

MR. LUSNEY: — Thank you. Mr. Minister, looking at this sheet that you provided my colleague, I think if you analyse this, the truth of the matter would be that your department may eventually spend no money in way of tax credits to farmers.

(1930)

You have issued, apparently, \$4.5 million in tax credits to the various farmers, and on your list the majority of them have 50 head, 20 head, and 100 head, or less. Those farmers in today's economy are not likely to have to be worried about paying income tax. So to them, that piece of paper that you issued is worthless.

It will not mean a dollar to them, because they will not be able to use that tax credit on their income tax. Even the large farmers, Mr. Minister, even the large feedlot operators, if you want to call them that — who fed out 1,000 head and received \$25 a head as a tax credit — that 25,000 to them, unless they made enough money on that livestock and with the beef stabilization program, the way you fixed that one, they don't get much out of that any more. So even the larger operators may not be able to benefit much from this tax credit that you say you're providing for them.

You're talking about \$4.5 million that you will supposedly be giving to the farmers that are producing beef. And that's only on paper, Mr. Minister. It's only on paper because unless they

can use that to lower their income tax as a tax credit off their income tax, it is worthless, absolutely worthless to them.

So I am suggesting, Mr. Minister, that this so-called fancy program of yours of \$4.5 million to the beef producers of Saskatchewan is going to net them very little, and will cost you virtually nothing more than the fanfare and the flair that you have provided through all your advertising, saying that somehow they are going to get something. But if they don't use it, they will get nothing. Do you not agree with that, Mr. Minister?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, it's just been very recently that I was reading one of the major farm publications, one that's entitled *Grainews*. I'm sure all are aware of it.

And one of the columns there is entitled "On the edge of common sense", and when the hon. member was asking his question, I had a vision of somewhat of *déjà vu*, recalling that column headline.

Point number one, because we recognize that farm income can be cyclical, and that if you don't have any income on income tax this year, a tax credit may not be of much use to you, because we recognize that, we built into the system a provision where you could carry the tax credit forward for seven years. Imagine that. You can carry it forward for seven years.

And the incredible thing about the logic from the opposition, the incredible thing is, I never yet in all my travels across the province since this program was put in place, I never yet found one farmer out there when I asked the question, all those not in favour of being able to reduce your income tax, your provincial income tax payable in this province, to zero? I didn't find one farmer who shot his hand up. Now we've got the NDP sticking up their hands all over: yes, I want to pay tax, I want to pay tax.

For those who want to feed cattle in this country and reap some rewards in the way of tax benefits, there you go. You can, in fact, reduce your income tax to zero, provincial income tax to zero, if you want.

MR. LUSNEY: — Well, Mr. Minister, this would be fine for any of those feedlots, if they were making enough money to be able to reduce their income tax — if they are doing it, and it's fine that they can carry it over. But, Mr. Minister, when you say that, you are admitting, virtually admitting, that there is very little money to be made in producing beef today. What the farmers need is some good, hard, cash that they can realize because they produced that beef. That you haven't provided them with.

You are providing something that they may be able to use five or six or seven years from now. That's what you're providing, Mr. Minister. So that \$4.5 million may not leave your treasury for another three, or four, five, or seven years. That is what your program really means. There is no actual immediate advantage for the farmer at this point. It may be in the future with you seven-year provision in there.

But farmers do need some assistance now. And what we're saying is, you should be trying to provide them some assistance now. As my colleague mentioned, \$25 a head in cash right now would have provided them a little more than possibly a tax credit five years from now, because if they're not paying income tax, they could use that additional income right now.

That's what we are saying you should be doing, rather than saying that you are providing them a lot of money for the future. What is your immediate assistance for these farmers? That is where it should be, and that is what we are asking you to do, Mr. Minister.

HON. MR. HEPWORTH: — The hon. member raises and questions, in fact, our government's

commitment to the welfare and the well being of the livestock feeding sector in Saskatchewan.

I would ask you: when your administration was in power — and I know this hurts, Mr. Chairman. I know this hurts; it strikes a nerve. But when they were in power, did our feedlot operators out there, did they have access to 8 per cent money with the NDP? I ask you, did they have access to 8 per cent money to build feedlots? No. To buy land, did they have access to 8 per cent money? No. did they have access to a feeder association loan guarantee program, so they could get an indirect cash advance? Did they have access to that?

Did they have access to a program where, if they invested in agriculture and invested in farming and invested in feeding livestock, they could reduce their income taxes to zero?

Did they have a program that said, look, we believe that the major part of a feeding operation, so far as its success and failure, is its feed costs, and by having irrigation, you could have a security of supply? And because we put our money where our beliefs are, we put \$50,000 on the line to help in irrigation development per individual farmer. And what did you put up? Thirty-two hundred dollars.

Now you tell me, who is committed to the livestock feeding industry in this province and who isn't? And when it comes to beef stabilization, who torpedoed that 50-feeder nightmare that none of the groups out there wanted and that your colleague put in place?

AN HON. MEMBER: — Gordon MacMurchy's friends.

HON. MR. HEPWORTH: — Gordon MacMurchy, my colleague says, put it in place, and it's turned into a nightmare. And that's been replaced by a good feeder-to-finish program.

Now tell me who has got the commitment, and who's got the interests of the livestock feeding industry at heart.

Yes, yes, the hon. member's opposite had talked about their commitment to the livestock feeding industry. Their idea of a commitment to the livestock feeding industry is that the farmstart could loan money to put up rabbit farms. I've got no problem with rabbits. But why couldn't feedlots get 8 per cent money? Rabbits could, but the feedlots couldn't. You explain that one to me.

MR. LUSNEY: — Mr. Minister, when one has nothing good to say about his program, he tends to talk about somebody else's program years past. Mr. Minister, I am asking you about your program that you have today.

You are talking about giving farmers \$4.5 million in tax credits, \$4.5 million in tax credits. And I am saying to you, Mr. Minister, that unless those farmers can use that on their income tax to reduce their tax payable, it is worthless, absolutely worthless.

How many of these farmers, then, Mr. Minister, in your estimation, are going to be able to use that \$4.5 million as a definite tax credit system this year or a discount this year?

HON. MR. HEPWORTH: — Now Mr. Chairman, hon. member, now here is the classic case of convoluted logic. Last night we had the Leader of the Opposition, the Leader of the Opposition cross-examining me, if you like, for this perception of his of this big tax increase for farmers. Okay, this big tax increase. Tonight they're not happy because we've got this big tax decrease in place. Now which way do you want it? Do you want us to increase taxes, in your view, or to decrease taxes?

We're a government that believes in giving some tax breaks to agriculture, and they sure never got them with your administration. And as I pointed out earlier, I would doubt that a farmer

would apply for the tax credit if, in fact, he wasn't going to use it. And if he wasn't going to use it this year, he can carry it forward for seven years.

Now I think that's got all the makings of a good program, and I would suggest to you it's working. And I would further suggest that when you're in a hole, when you're in a hole, my hon. colleague, stop digging.

MR. LUSNEY: — Mr. Minister, again you continue to elude the question. You won't answer it. Mr. Minister, if you want to talk about tax savings — as the Leader of the Opposition mentioned yesterday, you're saying — well when the farmer got his rebate, his property improvement grant, he got that money in his hand and he was able to put it in his pocket. That was a tax saving for him.

Your program today at \$4.5 million, supposedly, is only on paper. And unless that farmer can use it, if he made enough income to have to pay that amount of tax, that is the only time that he'll be able to use that money. Otherwise, he's going to have to wait four or five or six or seven years, hoping that he will gain enough income in any one of those years to be able to take advantage of that tax credit.

That is the kind of program you are providing, Mr. Minister. And Mr. Minister, a lot of those feedlots, if they aren't making any money today, or the small farmers that are trying to raise some livestock, the majority of which you state yourself are in the 20- to 50- to 100-head — the majority are in a 20-head range, Mr. Minister — those farmers may never take advantage of your so-called tax credit. Because if they don't make any money, and if they can't survive with those 20 head that you say the majority are in, then they may not be in that business seven years from now. And if they're not, that tax credit is worthless to them.

So your program is actually or may not — very feasibly may not — cost the government a red cent in taxes, and it may not benefit a lot of those farmers at all.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I think we can agree to disagree on this one And all I can say is, thanks for the memories.

MR. LUSNEY: — Well Mr. Minister, it's quite obvious that you are not going to tell us how much of this money is going to go where. You're not going to tell us whether these farmers will benefit or won't benefit. And you are not going to tell us that there is a very real possibility that your \$4.5 million is not going to be leaving your — the government's — treasury, it is not going to be any assistance to the majority of those farmers. And what is really happening is nothing more than what many of your other programs are: long-term big money programs only announced on paper. Very few people are really going to realize any benefits from those programs. Would you not agree with that, Mr. Minister?

HON. MR. HEPWORTH: — Mr. Chairman, no, and I can only say, I can only say again, that this party here, on this side of the House, stands for giving agriculture and farmers some breaks, and if it's a \$5 million break this year and a \$25 million break next year, that's just great. If you're in favour of tax increases, that's your position, not mine.

MR. ENGEL: — Thank you, Mr. Chairman. Mr. Minister, we've witnessed tonight a perfect example of where you're at — a perfect example. You told us explicitly that 60,000 farmers, 60,000 farmers are in one category; 5,000 farmers in another.

In the beef production, 81 per cent of the farmers are in one category, a few are in the other category.

Every farmer in Saskatchewan, under this budget and this administration, experienced \$1,000 out of their pocket, generally, right across the board. Every farmer was hit. Every one. We're

submitting that 81 per cent of the farmers are hurting because of that tax shift.

You were able to take \$65 million in this treasury out of the hands of those that need it the most, and then you turn around and you come back with your tax credit program and you try and put words in my colleagues' and my mouth, and say that we're not in favour of tax breaks.

(1945)

Mr. Minister, I'm in favour of fair taxes. I believe the income tax structure that's been set up in this province is fair. I think the flat tax—and you can quote that one—I think the flat tax . . .

MR. CHAIRMAN: — Order. Will the members in the government side please maintain order so I can hear the question.

MR. ENGEL: — Thank you very much, Mr. Chairman. The flat tax added a new wrinkle in the whole tax structure, and you put on a third level tax onto everybody. That tax hit the middle income.

That group, out of the 81 per cent of the farmers, the top half of that group got hit hard by a flat tax. Here you come along with a tax credit, where you are telling me tonight that there are good reasons why some farmers shouldn't pay any tax at all. And if they want to buy a few feeders and put them in somebody's feedlot, if they want to change ownership in that feedlot, they can . . . The brother can go out to his brother in the feedlot and take ownership for seven weeks. If he wants to transfer ownership for some cattle for a few weeks, Mr. Minister, if they want to play games in the feedlot, you're prepared to support those people to the tune of \$3 million worth of tax credits for very few people.

Very few people are going to qualify under this program, Mr. Minister, and those people don't need the break. They don't need a tax break. They have the ability to pay.

They have the ability to pay, but no, they're the ones you're going to help. You take \$64 million from 64,000 farmers. And you think that's great, that's great. Let them all pay \$1,000 each. Mr. Minister, the next minister of agriculture is going to come out with programs that are fair. He's going to come out with programs that apply to every farmer in Saskatchewan.

If you wanted to make this tax credit program work, all you would have had to do is say, look, we'll put cash on the dash, to use your words. We'll give each one of you that purchases some cattle and feeds some cattle, we'll give you each \$25 in cash. You report it as income and if you get stuck with your 10,000 head of cattle, you've got this extra \$25,000 cash. You might have to pay a little tax on it, but you've got 25,000 extra cash.

But no, he didn't do it that way. He sent out a little slip that's great to pin on the wall. It's great to pin on the wall because the NDP might get back in some day, and I'll have a tax credit. But it's no good to him.

The minister from P.A.-Duck Lake shakes his head. And I was on farm after farm after farm in your riding, my dear friend, and I saw farmers that had 10, 12, 15, 20 head of cattle that they were feeding out. Those people don't pay income tax. Those people don't pay income tax on three quarters of land. I want to tell you, Mr. Minister, those people that wish the family farm improvement branch was still in place to help them modernize their yards, and to help them put in some of the amenities of life that I and you enjoy, those people would appreciate the \$1,000 they lost. They are the ones that are buying the used cars. They are the ones that are buying the used pick-up trucks, Mr. Minister.

And if you don't know what hit you, wait till after you count the ballots and you'll know why you came out third. You'll find out why you came in third, Mr. Minister. Because I can assure you

that in P.A.-Duck Lake you're gone, you're gone. I can call it, because I know what's happening. Mr. Minister, I know what you've done in P.A.-Duck Lake. You've taken \$1,000 from every farmer and you've taken away their chance to get a family farm improvement branch, and you sit in this House and laugh and say it's great, it's great for the feedlot. There might be one or two feedlots down there, I don't know. I didn't travel the whole riding. The member from Pelly can maybe help me out.

There might be a couple of guys there that'll benefit on the \$10,000 tax credit. There might be, but there's not enough of them to elect you, mister. There's not enough of them to elect you. And I'd suggest that you'd better get a little word into your ministers and say, look, you're setting us up. You're setting all of us up that have some rural areas in our ridings. We're being set up.

Because there are more farmers that want the \$1,000 back that you're taking from them. There's more farmers there than there are the guys that are getting the 10,000 or maybe the 100,000. I'm not sure how much it's going to be, but you've taken \$64 million out of the spending of the hands of the small farmer and you're giving the big cheque back to the guy that doesn't need it. I don't think that's wise administration. I don't think you got very good advice from your banker friend. If I'd had him sitting beside me, I'd tell him, look, mister, you better change your ways. Pull up your socks, mister.

Because that's not the kind of advice that's going to get you fellows elected again, because the people in Saskatchewan don't like to pay that kind of tax so that you can be nice to your friends.

That applies to your seat too, Mr. Chairman, because I've travelled that country in Melville thoroughly and I know the farmers down there, and I know what position they're in. I know a couple that got feedlots; I know a few that will benefit; but the majority of them are going to be hurting.

And they're going to be hurting because Melville's main street is going to have about two and a half million dollars less because of your tax cuts to the farmers, because of the money you've taken away when you cut the home owner grant, when you cut the home quarter tax, when you cut the education and made them pay the education tax; and now when you give them a little slip of paper and say, look, in the next seven years you might be able to get a little tax credit. Well I want to assure you, it's not going to take seven years till they're paying tax again. It's going to be a lot sooner than that. Thank you.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, could you repeat your question, please?

MR. LUSNEY: — Mr. Minister, I think many of the things that my colleague said were certainly true. You said that you were interested in giving the farmers a tax break. Well Mr. Minister, I think the fact is that when you, as my colleague mentioned, are going to take an average with the taxes that you imposed on the farmers today in your last budget, the taxes that you imposed on them which are going to average around \$1,000 per farmer, means that they lost \$1,000 today. In this year, they're going to lose \$1,000.

You are saying to 1,600 or close to 1,700 of them that they will receive a \$500 tax credit on the livestock that they produce. You took 1,000 from them; you're going to give them a piece of paper, a tax credit for \$500, which they may not be able to use because they won't be paying any income tax. Those farmers are going to lose — 1,700 of them.

You've got another 855 that are getting around the 1,200, or up to 1,200. There's going to be a good number of those that are going to be well below the 1,200. Another 855 of those, Mr. Minister, that lost \$1,000, that are not likely to benefit anything from this tax credit because their income tax payable will likely be low enough, or they won't have to pay any, so that will not be an advantage to them.

So Mr. Minister, what you actually did to agriculture in Saskatchewan with your budget was impose on them additional \$1,000 in taxes, and then you are saying to those same farmers, we are going to give you a tax credit which you won't be able to use but, hopefully, seven years from now you may be able to use it. But while you're waiting it's going to cost you \$1,000 every year to wait.

That, Mr. Minister, is what you did to the farmers. I think you should be ashamed of yourself, your government should be ashamed of yourself, for imposing this on the farmers of Saskatchewan, and you should come up with a program that they can realize some additional income from. This is what they are asking for, something that they can realize some additional income from, and that's not happening through this program.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, they continue to wander in the world of dreams rather than deal in reality. They have not presented one shred of evidence since the budget came down to even back up this hocus-pocus claim that farmers have lost \$1,000 because of this budget. Not one shred of evidence, not one shred of evidence have they presented.

Here are the facts. This is what Tory administrations bring to the farmers of Saskatchewan. This is what they bring: they bring an average pay-out from crop insurance of \$9,600 — 9,600, 9,600. They bring from the Western Grains Stabilization Fund a payment of 10,000, \$12,000.

They bring to the people of Saskatchewan a \$5,000 rebate to provide 8 per cent money. They bring to the people of Saskatchewan and the farmers of Saskatchewan a \$50,000 grant to establish irrigation. They bring to the people of this province a \$30 million a year break on their fuel costs. That's in the federal government. Another \$60 million — the provincial government.

They bring to the people of Saskatchewan an increase in the two-price domestic system of wheat prices, another \$27 million. That's the kinds of things the Tory administration bring to the farmers of Saskatchewan, and we're happy to do it.

Now you can grovel around there; you can grovel around in the past with the blinders on, or you can join us as we take \$1.5 billion, \$1.5 billion, and put it towards the future of our children and our farming and our agriculture industry. That is the course we will pursue. You can pursue the past with vigour; we'll pursue the present and the future with vigour.

SOME HON. MEMBERS: — Hear, hear!

MR. LUSNEY: — Mr. Minister, again you always elude the question. You go and talk about the crop insurance program, which has been in there for years, and whenever farmers had to use it, they used it. You talk about federal programs. You talk about every other program, except your own program. Talk about your own program. Mr. Minister.

The fact there is that while all these programs are in existence, you took from the farmer, from every farmer in this province, at least \$1,000 in additional taxes, with the property improvement grant, with the home quarter rebate, with the flat tax. You add all those up. You took that \$1,000 from every farmer in this province.

And you are saying, Mr. Minister, that some farmers benefited from crop insurance, some from something else; everybody benefits a little bit from some program. But you took this from every farmer, Mr. Minister, and you are giving virtually nothing back to any of those farmers. That is the fact that farmers know, and that is all you have given them. More money out of their pocket, nothing going back to them.

MR. SCHMIDT: — Mr. Minister, one or two things I wanted to ask you about before we get on

with other business.

First item is a small matter in your department, but a large matter in my constituency, and that's the Lebret Training Farm. I notice that this year there is no proposed expenditure on page 20.

Can you indicate if you have any plans to deal with the Lebret Training Farm, or what's to be done with this property in the future?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I can appreciate your concern over there being no blue book item relative to the Lebret Training Farm. What has happened there, it will be business as usual, but that item has been rolled into lands branch as part of the Crown land administration.

MR. SCHMIDT: — Well, Mr. Minister, do you have any idea how much it costs per year for maintenance or operations of the Lebret Training Farm?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, it will be something in the range of about \$50,000 a year, we anticipate.

MR. SCHMIDT: — Possibly another question. Your officials may be able to get the answers. If you don't have them now you could send them over. But I've heard rumours that the auction sale at the Lebret farm, there was some equipment, you might say used and abused equipment, at that farm. And I've heard rumours that it brought approximately \$100,000. Do you have figures on that?

HON. MR. HEPWORTH: — Mr. Chairman, and hon. member, I don't have any numbers relative to that auction, but my officials will get them and provide them to you as soon as possible.

MR. SCHMIDT: — The last area on this Lebret arm is that at some time the government is going to have to resolve what's to be done with the Lebret farm. It was given by the Roman Catholic Church to the provincial government for the benefit of the Metis people, and I've indicated to the white farmers in that area that I do not consider that land that the government should sell to white farmers.

And so I've indicated to the people in that area that, somehow, it should be used for the Metis people. I understand there are Indian reserves that have land claims who are also claiming the land.

Will the minister set in place some sort of a process, or a dialogue, in that area in order to determine what should be done with the Lebret Metis farm?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I think you raised a good point. As you will know, there are not only various government departments involved, other than our own, but as well, as you've indicated, more than one player out there who views this with some interest. And I think your point is well made and certainly something we'll take under consideration.

MR. ENGEL: — Mr. Chairman, there's one other issue that we should maybe discuss before we get to the subvotes. You've recognized . . .

(2000)

MR. CHAIRMAN: — I recognize the member from Melville.

MR. SCHMIDT: — Does the minister recall receiving a letter from the member from Melville some time this past fall with respect to the Metis farm?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, given that I do receive a fair number of letters and memos, etc., I may well have, but you'll have to forgive me if I don't recall it.

MR. SCHMIDT: — I didn't think the minister recalled. I'll send the minister another copy. The next item that I wanted to ask about was, I had a few letters in the past — matter of fact, none this year — but in the past, I had a few letters about item 22, the matching grants for international aid, I indicate, of \$900,000. Do you have information on where the \$900,000 went?

HON. MR. HEPWORTH: — The matching grants in aid program has been involved in a number of development projects. And given certainly that Africa, and particularly Ethiopia, has been very much in the news, the member might be interested to know that Ethiopia was the second highest recipient of aid in Africa under the matching grants program over the past decade. In fact, since the program has been initiated, 23 projects have been approved in Ethiopia and one-half of those since our administration was put in place.

Some of the other examples would cover some 450 individual projects in some 43 countries on the African continent alone. As well, you will know there have been other countries in the world that we have been involved in as well.

Some of the kinds of projects — of course, our view has been very much to helping the people put in place animal husbandry that's consistent with the geography, and what, in fact, the capacity of the land is capable of there; water programs; water development programs; agricultural service training; demonstration farms; clinic construction; farm training schools; those would be some kinds of examples.

And I could run through the long list of countries here where we have put funding into. As I mentioned, it totals something in the order of 43 countries in the African continent alone.

MR. SCHMIDT: — Can you send me a list of the expenditures under the matching grants program? Not immediately. A few days from now is even okay.

HON. MR. HEPWORTH: — I can certainly have my officials undertake to provide the hon. member a more detailed listing of our aid there.

And as well, you will know that through Agricultural development Corporation of Saskatchewan, in fact the generosity of the farmers of Saskatchewan, a boatload of what was also commissioned for that continent, a \$4 million commitment at least. The back-up from Saskatchewan and Saskatchewan farmers, I think, indicates the generosity, not only of this government, but in fact of the people of Saskatchewan towards those who are less fortunate than ourselves.

MR. SCHMIDT: — Next one is item 26, grants under the homestead rebate program, \$130,000. Could you just tell me what the homestead rebate program is?

HON. MR. HEPWORTH: — This, Mr. Chairman, hon. member, relates to the former land bank program. Under that program — and we undertake to continue our obligations to those leaseholder s— if they had purchased back their land from the land bank, for every year thereafter that they continued to own it, they got \$1,000 a year rebated back to them to a maximum of \$5,000.

And hence, anything that was bought back in 1982 would carry forward to 1987 before those commitments are finally finished, if you like, and that's why it continues to show up in the blue book.

MR. SCHMIDT: — Well, Mr. Minister, there was recently a meeting of the beef stabilization

board in Melville. And I attended that meeting and there developed a rather heated debate.

And the one question farmers had was why there was an increase . . . I'm not certain, I'm not a beef man, why there was an increase in premiums or a decrease in pay-outs.

And some officials were there and they gave a reasonably good explanation, but I'm just wondering if you could explain for me why this change was necessary, or what happened there.

HON. MR. HEPWORTH: — The administration of the beef insurance programs, whether it's the cow-calf-to-finish or the feeder -to-finish is handled by, I think, a dozen or 13 or 14 representatives of the beef and farming and, in fact, livestock community, all the players of that industry in Saskatchewan.

They obviously work within the framework of some legislation and some regulations that were laid down when that program was implemented, now some three or four years ago, four years ago, I guess — January 1st '82, I think, was cow-calf official start-up day — and they were faced with the situation of an increasing deficit in the cow-calf plan; and given the formula that exists faced a couple of options.

One, they could raise the levies; or the other was down-size the model. And they chose to down-size the model somewhat. It still covers, as I understand it, 100 per cent of the cash costs and now, rather than 55 per cent of non-cash costs, it's 50 per cent.

I think by every measure the program is still one that is meaningful and one that is sensitive. It's still essentially a cost-to-production model. And when they came with those recommendations to me and, in fact, that I would take to cabinet for approval, I did so on their behalf.

Now I suppose, as Minister of Agriculture, I could have said no, I am smarter than every one of you sitting around that table who I believe have the best interests of the livestock industry at heart, but, in fact, I chose not to go the route of some who flew in the face of the industry and put the 50-feeder option in place.

I took it upon myself to, in fact, recommend their changes to cabinet. That was done, and we have before us today a plan that, as I said before, I think is generally viewed as very meaningful, for the most part sensitive, and certainly it is exactly that, an insurance program designed to provide a safety net when we get the dips in the market prices.

MR. SCHMIDT: — Mr. Minister, I notice that the government is spending \$8.2 million on the beef stabilization plan this year. Is that the government's share of the contributions for this coming fiscal year? And secondly, how large of a deficit is there in the beef stabilization plan?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I apologize for the hesitation. The issue is not so much the number. In terms of deficits, we've got some indication of the total deficit for both plans, but not specifically for the feeder-finish, or the cow-calf-to-finish, or the hog plan. But we can get that sorted out for you, provide you that number. But the 8.2 million that you refer to is, in fact, our share of the levy, our share of levy contributions.

MR. SCHMIDT: — Well, Mr. Minister, the officials of the plan were indicating at the time that there was a \$39 million deficit, and maybe your officials here have that indication. They also indicated, when I questioned them, that 14 million of that \$30 million deficit was due to the 50-feeder option instituted by the former government when they initiated the plan.

And I recall that at the time — because my constituency is fairly close to the Manitoba border — that there was a lot of controversy, and that a lot of cattle were coming in from Manitoba and getting money pinned on their tails in Saskatchewan and being resold. And this was taxpayers' money. And I want to know if your officials can confirm that the taxpayers of Saskatchewan lost

\$14 million on this feeder option.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I think the number that you have ascribed to the deficit as a result of the 50 feeder option, you're quite correct when you suggest it's something in the order of 14 million, 15 million, 16 million, something in that order. Certainly it's a substantive sum. And that causes the plan difficulties, because it's the interest accruing on that that triggers either levy increases or down-sizing the model.

MR. SCHMIDT: — Mr. Minister, at the meeting in Melville the only thing that the Conservative farmers and the NDP farmers agreed on was that, because some people ripped off the plan and the \$14 million has been paid out and these people dropped out of the plan, they were in agreement that the existing people in the plan, the people who were not into cattle for six months and out of cattle, people who weren't really producers, they agreed that the existing producers should not be paying for the sins of a former government.

And therefore they implored upon myself — and I agreed with them — that the government should consider writing off the \$14 million as a mistake of the former government, and that the taxpayers are going to have to bear the brunt of the mistake that the former government made in the 50-feeder option plan.

And I clearly indicated to them that I believed in that, and I'm wondering if the minister and his cabinet will give consideration to writing off the \$14 million that was squandered under the 50-feeder option under the former government.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, certainly the board recognizes the problems that that 50-feeder option has left them with in the plan, the cow-calf-to-finish plan, and they are facing a dilemma. They've been wrestling with it. They want to be as fair as possible.

The issue for them becomes this: number one is, do we say to those contract holders that were in that cow-calf side that yes, ultimately over a 20-year period, you should be able to pick up those costs, albeit that it was a poor model and poorly thought out? Or do they turn to the taxpayers of Saskatchewan and all the cowboys and feedlot people and say, well, look, the other fellows made a mistake; should we all bail them out?

(2015)

And you can argue it from both sides because I suppose to be fair, you should take it out of those contract holders who, in fact, enjoyed the benefits, rather than look to others out there who are not in it and maybe shouldn't be expected to pick up those costs.

The board, in I think what I would consider a very responsible fashion, has wrestled with the question, looked at a number of options, and we are, in fact, analysing some of those now. Your observations are quite valid into how it's viewed. I think even the Provincial Auditor, or that department, is of the view, if I could put it in quotation marks, that if that 50-feeder option is a bad debt, if you like . . . I guess I can say to the hon. member that the board recognizes it as a problem. They have put up some options, and in fact, in discussion with them, we even came upon some additional options and we're exploring those further at this time.

MR. SCHMIDT: — Well you may think it's a bit unusual that one of your back-benchers is asking questions on your estimates. But someone has to speak up; someone has to speak up for the beef producers because the opposition refuses to. They're hiding, because they caused the problem, and I noticed that they wouldn't raise the question. And they don't want to solve the problem because they caused it.

So somebody has to speak up for these people, and I said I would. And so what I'm saying is: will you seriously consider writing off the \$14 million? I understand that the money's already been

paid. It's a debt to the province. So it's no actual cash except that we, as taxpayers, have lost this money on a bad program four or five years ago.

And the opposition covers this up. They try to hope it will go away, and it won't go away. The \$14 million is still there over the heads of the producers and therefore I think you should, on behalf of the government, come clean on behalf of the opposition who wouldn't, and write off the \$14 million.

HON. MR. HEPWORTH: — I'll answer that question, Mr. Chairman, hon. member, and as well I can provide you with a . . . And these are still estimates, but they're fairly close in so far as the deficit, the size of the deficits, and the various plans. The cow-calf is \$36 million; the feeder-to-finish is approximately \$3 million; total there would be something approaching \$39 million; total pay-outs have been \$60 million. So I think, by every measure, the plans have been fairly sensitive and fairly meaningful in this downturn in the markets.

As I mentioned before, we are quite prepared to acknowledge, as has the auditor, the problems with that 50-feeder option debt. But I must repeat again, as I mentioned earlier, there's more than one way to skin that cat. We've looked at a number of options and, in fact, it's more the interest on the debt that causes us problems than the debt itself, for some of the reason that you outlined.

MR. SCHMIDT: — Just one final point, Mr. Minister . . . (inaudible interjection) . . . I feel that I have to ask these questions to protect the taxpayer. The opposition is an opposition for the benefit of themselves. They want to benefit their political party, but they're not really looking after the taxpayer.

What I want to know is: on item 30, there's a \$3.6 million counselling and assistance for farmers, implementation, and guarantees. Do you expect to pay out \$3.6 million in loan guarantees in the upcoming year or why is that budget item there?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, that would represent a contingent liability. Administration costs are somewhere in the order of \$500,000, \$400,000, something like that. At this point in time, it is the contingent liability. We don't know what we will have to pay out. I hope personally that all these cases succeed and do well, and that we get good crops at good prices, and the pastures flourish with spring rains, and that it all turns out well. But that's some guesstimate of what, in fact, we might have to set aside to deal with liabilities.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I want to ask a couple of questions about the vote dealing with the Saskatchewan Council for International Co-operation and other agencies who might be entitled to matching grants for international aid. And the minister will be aware of the fact that we are dealing with a total budget which exceeds \$3.1 billion, close to \$3.2 billion, and that we are one of the wealthiest places in the world.

The province of Saskatchewan is a wealthy province in a wealthy country, and we are dealing with the cash flow of \$3.2 billion. And we are talking about what the Government of Saskatchewan should do by way of providing matching grants for international aid to countries which are far less wealthy than we. The minister has already alluded to some of those countries, and he talked about Ethiopia. He might have talked about Somalia, perhaps the Sudan, a series of countries across equatorial Africa and the South Sahara region where the average incomes wouldn't be one-tenth what they are in Saskatchewan. I make the point which the minister well knows and that we all know, that there are many, many people in the world who are in dire straits and who are in worse shape now than they were three or four years ago. Particularly in Africa, where there have been a series of crop failures in the south Sahara area, we are seeing more privation than has been true for many decades.

The minister will also be aware that in the budget of 1982-83 there was a provision of something

over \$2 million for international aid, which would have been approaching one-tenth of 1 per cent of that budget. You now have in your first budget of 1983-84, or your budget of 1983-84, reduced that to \$1 million. Last year you reduced it to 900,000, and this year you are holding it at 900,000 notwithstanding the fact that the budget is going up — your gross budget. I make the point that each year we are providing less, as a percentage of what the government is spending, for matching grants for international aid.

The minister will also be aware that virtually every penny of that leaves Saskatchewan. The figure slips my mind, but it is certainly in excess of 98 per cent of that actually goes in matching grants to countries throughout the world. There is a very, very small administrative fee. This is not to suggest the Saskatchewan Council for International Co-operation doesn't raise the moneys from other sources and very likely spends some of those in Saskatchewan. But so far as matching grants is concerned, the council takes the government money, matches it with money provided by the people of Saskatchewan, indeed augments it by a good deal more than 100 per cent, and in most cases gets an equivalent grant from CIDA (Canadian International Development Agency), so that the money put up by the Government of Saskatchewan is multiplied by four when it reaches the people who need it.

My question very simply is this, Mr. Minister: if you felt — and I don't know whether you did — that \$2 million was an appropriate figure two or three years ago in a budget of just over \$2 billion, 2.4 billion, do you now feel that \$900,000 a year is a sufficient effort on the part of the Government of Saskatchewan when our budget is closer to \$3.2 billion? Or do you feel that that is not a sufficient indication of the generosity of Saskatchewan people through their government? They are displaying their generosity in many other ways, through non-government agencies, but do you feel that that is sufficient display of what is undoubtedly the feelings of generosity of the people of Saskatchewan, acting through their government in the form of matching grants?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, it's rare that I agree with my opposition colleagues, but on this occasion, I would have to agree with them, and I would have to agree that 900,000 isn't enough for aid to those in the world who are less fortunate than ourselves.

And I suppose that was fundamental in our thinking when, in fact, we increased our commitments this year not only to Africa, but to some others in the world — or some others not only to Ethiopia, but to some others on that continent. That was the thinking behind this government's commitment to underwriting a boatload of grain to that continent, underwriting half the cost as I understand it, through the minister in charge of Agdevco, a \$4 million commitment albeit in co-operation with the farmers and the elevator companies out there.

I suppose one could argue, in fact, that if there was nothing coming forward from the farmers — which is not true — I suppose one could argue that in those two projects alone, we have increased our commitment to \$4.9 million. And I think, by any measure, that's a substantial increase.

I think it's also worthy of note, and I tend to agree with the hon. member, I suppose when you look at the way we live here, I suppose one could argue that you can't do enough for others. I suppose you can't. But certainly if you look at the numbers of provinces in this country who are, in fact, doing anything, Saskatchewan stands out amongst only two or three others — in fact, maybe only two others. And so I think the people should be proud, not only in Saskatchewan, but in terms of what Canada is doing, Saskatchewan should be very proud.

And of course those two areas: the underwriting of the boatload of wheat, the matching grants in aid program itself, are only two of the areas. We also, through Agdevco, are involved in some multi-year development projects, the mpongwe wheat scheme, for example. In fact, the hon. member from Assiniboia-Gravelbourg may have visited that when he was in Africa, the dry-land

farming techniques that are being demonstrated there. Agdevco, as well, co-ordinates development projects such as the Chinese farmer training.

So I think that the Hon. Leader of the Opposition, although he and I agree that you probably can't make too large of a commitment. I think he would have to agree that our commitment to those in the world who are less fortunate than ourselves, not only through the matching grants in aid program, but through Agdevco, and through the generosity of the farmers of this province, I think we are coming through with a very serious increase and commitment to those less fortunate than ourselves. And I congratulate all the people of Saskatchewan for that kind of effort.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, a number of the programs you mentioned through Agdevco are, of course, commendable, and many of them are not new. As you pointed out, my colleague, the member for Assiniboia-Gravelbourg was in Zambia and Somalia when his responsibilities included checking on some of those projects in his capacity as legislative secretary to the then minister of agriculture.

I do say this, I thoroughly agree that we as a government and we as a people should respond to demonstrated starvation which we saw in Ethiopia, and we see to a lesser extent now in, let us say Chad or the Sudan or wherever it may be striking. I think it's important to note that we would get very much more value for dollars spent, and we would be doing more good for the people we seek to help, if we could put money in before devastation strikes. If we can get development money in rather than relief money, almost everybody who works in this field say you get more for your dollar — you achieve more. And that is really the thrust of the matching grants for international aid. They really are designed much more to provide development funds to help people help themselves than providing emergency relief in famine conditions.

(2030)

I accordingly urge the government to reconsider the figure of \$900,000. I know it's not likely that the minister can, under these particular circumstances of this committee, state that the government's policy has changed, but I would urge him to reconsider it. I am very sure that the agencies who are seeking matching grants will be able to show that they have spent, or are prepared to spend \$2 million or \$3 million in matching grants if the government would similarly match it. And the development which could be engendered may well forestall famine, may well mean that further relief efforts would not be necessarily, and will assuredly (and there's no question of this) assuredly alleviate future distress and allow people who are much less well off than we are to have a chance in the world, to have some little place in the sun which they cannot now have in the very difficult economic circumstances in which they labour.

I ask the minister to reconsider this. I don't want to labour the point. The minister knows our position. It is the belief of this caucus that more than 900,000 should be provided under this particular vote for matching grants — whatever may be provided in relief effort, I would ask the government to consider that position.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I take your suggestion in the spirit that it is intended. As you pointed out, and I share that view, that his money is more useful, albeit that we have to deal with the day-to-day reality of what we see on television, I do agree with you that it's best used, if you like, in a preventive medicine kind of way rather than as crisis medicine. And of course, you will know that that has been the thrust of the way we have sort of suggested that perhaps these programs be targeted on the developmental side. And certainly I, last year in the House in this same committee, discussed with the members what had been going on during your administration. And I think there was too many of those cases. And I used some examples where funds were going to conscientize women in youth. And that had very little to do with putting food on the table in the long term. And I think we sort of sorted some of that stuff out.

And I guess I would have one request of you opposite, and I would hope that you would take it the same spirit. I note that the most recent numbers that I have for examples, that your colleagues, the NDP government in Manitoba, is spending about one-third of what we are spending alone in matching grants in aid, never mind the commitments in terms of boatloads of wheat. And I would ask you to urge them to as well increase their commitments, certainly on a per capita basis. They're away, way, way behind the Saskatchewan people. And I would urge you to ask them to see if, in fact, they could not even bring their commitment up to the level that at least we, even in Saskatchewan, are prepared to do on behalf of our people as a whole and, in fact, for the others in the world.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I would be pleased to do that if the minister will assure me — and I'm sure from his tone he would equally assure me — that he will urge his colleagues in Alberta, whose record is pretty good, and his colleagues in Ontario, whose record is anything but good, and each of which are more wealthy than we, as a province, to put forward similar sums of money. And he may even consult his colleagues in other provinces whose resources admittedly are not as great as ours.

I think all governments in Canada, including our own which we're dealing with now, but also governments in other provinces of other political persuasions, should turn their mind to what they can do in this area. No one is suggesting that our effort is going to transform the world. But nonetheless, efforts must be made. And efforts are much more than symbolic, as people who have visited development projects in these countries will tell you.

And I therefore will accept the recommendation, the suggestion of the minister. And I know he will accept mine, that similar representations be made to governments of other political persuasions in Canada.

MR. ENGEL: — Follow-up on what my colleague and leader, my leader have covered . . . (inaudible interjection) . . . Mr. Chairman, I was going to ask the minister, in all sincerity, that the list he's talking about providing to his colleague that could get it in caucus, if he would make that available to us. And along with that, would you spell out the criteria that you have established for the board of SCIC to what grants you're going to match, and what amounts you're going to give? Would you provide us with that information in writing at a later date? I'm prepared to accept that.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I give you that undertaking.

Item 1 agreed to.

Item 2

MR. ENGEL: — Mr. Chairman, you're moving just a bit too fast.

Under personnel and training, could you indicate . . . You only cut one position, but you've actually reduced the department by \$24,000. Is that, in fact, the same, that that's one staff member cut there and that's why there's \$24,000 less?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, that's right.

Item 2 agreed to.

Item 3

MR. LUSNEY: — In information services, Mr. Minister, I see there's an increase in other expenses. Would that be more of your newsletters, or what are those other expenses supposed to be?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, this is a new branch in '85-86, and includes positions and people-years as, if I'm reading this correctly, transferred in from admin. services, for example, one transferred in from the livestock branch, 10.2 person-years transferred in from the extension services. Those would be some of the kinds of examples. All part of, if you like, getting, in their way, research information — I suppose could be one example — from behind the laboratory bench to behind the farm gate.

And I think you will agree with the information explosion that's occurring out there, and the amount of information that hits a farmer on a daily and almost hourly basis, whether it be through the radio or through the print media. Certainly anything we can do in this regard to make his life easier and, in fact, help sort some of it out, I think is a worthwhile endeavour.

Item 3 agreed to.

Item 4 agreed to.

Item 5

MR. ENGEL: — The extension branch yesterday, or the other day, one of the other days we were discussing this area, you tried to make an assurance that the agrologists will not be cut in staff, and that those positions that are now vacant — I will believe there were seven — I don't have the paper with me to date, but I believe there were seven that you said that they would be filled. And yet here it shows a decrease from 180.9 to 169.9 with a comparative almost 12 per cent cut in that particular department that touches directly on the farmers.

If the situation is correct that you say that you believe in counselling, you believe in advice, why are you cutting the most important branch of your department, which is extension branch? I have more faith in the agrologists and those people working in our department of the extension branch than I do in your personal little people that you hand-picked that are former farmers you send around to do counselling and assistance.

And I see here where you are cutting \$900,000 out of this fund. I wish you would try and justify and explain why you'd make such a great cut, and why you would reduce it by this many people when you gave me an assurance that the agrologists wouldn't be cut.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, if I have this right, it's my understanding the decrease that you are flagging there, part of that would be as a result of things like early retirement, of deletion of vacant positions, and reassignment of staff to other areas — as I mentioned earlier, a transfer of some to information services, that kind of thing. And I don't think you can draw any conclusions from the hard numbers because there is some — as I mentioned in the item that you raised questions on before — some movement from here to there, and from there to here, that kind of thing, and the commitment I gave you the other day still stands.

Item 5 agreed to.

Item 6

MR. ENGEL: — Mr. Chairman, here's another flagship that the advertising, and the talk, and everything was out there. Boy, we're going to get out there, and we're going to guarantee that we're not going to be a boom and bust Saskatchewan. We're going to promote irrigation; we're going to do this and do that.

And yet in the name of all this, they have cuts in this area where you'd think with all the promotion you've been doing over the last three years, you'd have a tremendous increase in the

irrigation branch, and yet I see here's a one staff person less and a cut in funds. How do you justify the promises you made in '82 with your acts of fulfilment that that program isn't expanding?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I think once again you make the right observation, but draw the wrong conclusion.

Obviously, in terms of our long-term commitment to water management in this province, part of which is irrigation, we have streamlined the whole process, I think. Pulled together something like 11 departments and agencies and 40-some-odd Acts, put the lead in the hands of now the Deputy Premier, the minister in charge of Saskatchewan Water Corporation after much public consultation, and a move that's been welcomed across the province because the people have a chance to participate and help work out the problems and put in a large strategy in place, or a strategy to deal with a larger picture in place.

In Agriculture, our view is that we should involve ourselves particularly with behind the farm gate. And in terms of the service component — the people component, if you like — once again what we're seeing here, and where you are drawing the wrong conclusions from the right observations, is that much of this involves the transfer of technology, research technology; and so those positions have been transferred to extension services as well, or at least some of or one of. But hat is the part of your answer that you're looking for, anyways.

MR. ENGEL: — Mr. Chairman, I have one more question while we're talking about irrigation. I know this doesn't apply expressly in this department, but I beg the minister's indulgence.

There's more requests coming from one particular area, and it's a problem you people haven't been dealing with, and that is drainage and drain controls and draining sloughs, and so on. And as you look at the biggest part of Saskatchewan, particularly from a line from Lloydminster, Estevan north, and you see all the amount of water there, I can appreciate why some of those people are getting anxious to move a little of that water around and see if they can free up some of their land for farming purposes.

But where have you moved that department, or where do you contact the people? You've had some good staff in there over the past in the conservation department that deal with drainage and drainage-related problems. Under what subvote are they, and where do we deal with them, Mr. Minister?

HON. MR. HEPWORTH: — Last year, as the member apparently may not recall, is the C&D branch, conservation and development branch that was part of Agriculture, was transferred to the Saskatchewan water Crown as part of that rationalization and having a one-stop shopping centre, if you like, as it relates to water management.

MR. ENGEL: — Do you feel that that was a move that's going to facilitate a smoother transfer or smoother handling of the problems that exist out there, Mr. Minister?

I sense from meeting with farmers in a number of areas — and not only in the south-west, but I've met with some in a number of areas — that there's some frustration there. There's some frustration there. And there seems to be a problem with this Crown corporation, and shifting the problem over to the Crown corporation, in dealing with situations.

(2045)

I think the legislation prior to moving C&D into your water management one-stop shopping centre, as you want to call it, has frustrated the farmers to the extent where they're saying, before, all I'd have to indicate is saying that I felt I got some unnecessary water on my land. And they'd raise the issue and C&D would look after it.

Now there seems to be a question as to who's going to accept the responsibility on behalf of these farmers. And if we think of it on another date, I would like to share some of the problems with you personally that some of the farmers are raising and are saying that there seems to be no solution or impact now; it looks like we're going to have to go to the courts again to be able to iron out our problem ad hoc, to decide who's responsible for the ditch, or closing the ditch, or whatever, or additional land, or vice versa.

Down in my area, the problem is: who's taking water that should have gotten to my place, and that is developing into quite a big problem. And I don't think your one-stop shopping centre for water is the be-all and end-all and the answer there because the people are complaining more than they ever have, and maybe it is that it's going to take this Crown corporation a little time to get off the ground. But I wish you would take a little time to explain that and point out — has the legislation changed, has the regulation changed, or do you feel that that problem is being dealt with?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I think the approach that we've taken is the approach that the people wanted. The legislation and the mandate for a water corporation was what the people asked for when the Hon. Paul Schoenhals, the Hon. Louis Domotor and others travelled about this province for some good, long time holding committee hearings on that very issue; cabinet, sub-committee of cabinet hearings on that very issue, and this is what came out of it. It's an example of listening to the grass roots and responding.

I think the approach that you were talking about when somebody had a particular problem with drainage, they'd phone up C & D and they'd take care of it. You see that was the problem out there. That was the ad hoc approach to water drainage which is only one-half, if you like, of water management.

And that's the — you know, that was the NDP style — that was the old style, and quite frankly, I would say to you, that was the wrong way to go about it. Many times that resulted in drainage starting at the top end of the funnel, if you like, instead of the bottom end and working up. It lacked an overall basin strategy. It had no planning.

It's typical, really, of NDP programs in general. No agenda, no future thought going into it, and with this corporation now you've got that kind of planning, the basin approach, input at the local level, input at the basin level if you like.

And certainly, in so far as what we've done behind the farm gate, the member for Morse, just the other day in the House in debate, I think, in private members' day, pointed out rather eloquently the success that we've enjoyed with our renewed vigour in conjunction with the farmers of Saskatchewan in terms of bringing many, many, many acres under water in this province.

The track record of your administration was absolutely dismal — absolutely dismal — and I could check the record and read it back to you. And I can see why. You offered \$3,200 — \$3,200 was your on-farm grant — \$3,200 was your on-farm grant to help farmers. Ours is 50,000. I mean, irrigation costs a lot of money to get into, and we've been prepared to put the cash on the dash. And the numbers speak for themselves. Something over several thousand of acres have been brought under water as a result of those programs.

MR. ENGEL: — Mr. Minister, there's just one simple basic little problem that I wanted you to answer and deal with and not get into this long political harangue like you like doing, and you like to talk about everything else. And when the minister starts talking in derogatory terms about the former government, you know he hasn't got the answer.

And I suppose we've learned that much from the three-day ordeal, here, and we could've been done at 8 o'clock if he'd have supplied some answers and been involved — and I was — made a commitment, that we'd even be done at 8, Mr. Chairman, but it looks like we're a little overtime.

Mr. Minister, what should farmer Brown do that has all of a sudden found himself in the position you indicated with his land under water — with his land under water? Where does she go? What does he do? What legislation's in place? What protection's in place for that farmer, that all of a sudden consequently gets himself stuck with somebody else's water? He knows the ditch has been dug. What should he do? Does he have to go to the system of the courts? Or is there some reprisal? Is there some — does the Crown corporation have some teeth in it that will close ditches, that will regulate the flow of water and the control of it? Is there some policing in there?

What was there before worked. What was there before worked. They didn't come to me. In 11 years as a member I've never got as many problems over water as I have in the last little while. In the last little while farmers are calling me from all over Saskatchewan saying, what is this new program all about?

If you want a list . . . Mr. Chairman, I offered the minister to take him aside and to talk to him. If he wants to know about people that are suffering from flooded out areas, can't seed their crop, they're outside of the area that he talked about. They're outside of that little border that got some assistance last year.

One farmer came to me and told me — my neighbour, Mr. Chairman — one farmer told me that his neighbour got \$80,000 in grants from this government, and another \$80,000 from Ottawa because he was flooded. But he said he drained ditches and I got his water and I didn't get a cent, and I don't get any help because I'm stuck with the water. He drained the water on me after he got \$160,000.

Mr. Minister, your program isn't working. Your water corporation isn't a policing force that is helping farmers in an inexpensive way to find out where do they go, how do they get some help.

I asked you a simple question. You didn't want to give me the answer. You wanted to blame us for all kinds of problems. Well, I'll tell you, C & D was working. C & D was working. I hope the water corporation's going to work.

Does the water corporation have some policing authority? Do they have some zone offices where people can go? Are there people in the field, or can they get back to the old program where we had people in place?

HON. MR. HEPWORTH: — Mr. Chairman, with all due respect I think these questions are best pursued in Crown Corporations, but I'll give him some short answers.

First of all, if he has a problem, he doesn't have to go to 11 different departments to figure out which is the right one, if in fact he has a problem. In those cases there, I suspect, the closest office to you would probably be the regional office in Moose Jaw, and that's where I would have you direct him.

If you've got a specific complaint, I'm sure the minister in charge in his office, the Sask Water Corporation, Deputy Premier, would be happy to help you.

And, of course, you mentioned the word, "police force." I mean this is typical of the NDP style of government. Not to sort of try and be productive and help the farmers out there, but provide the police force in irrigation and water management development. That 's your view, not my view.

We'll pursue further in Crown Corporation estimates.

MR. ENGEL: — Yes, that's great, that's great. Talk about the water Crown, and the Crown corporation a year after the fact. You know, there's a, there's a, there's a . . .

MR. CHAIRMAN: — Order, order. I think that this debate has run its course. This rightfully belongs when the Crown — the minister responsible for the water Crown comes up. I think if you have another question, we will proceed.

MR. ENGEL: — I have one further question, and I'd ask the Minister of Agriculture, Mr. Minister, when do you perceive that the minister in charge of the water corporation will be bringing his Crown corporation to this House in estimates that we can deal with that?

I would like to know from you if that's a possibility?

MR. CHAIRMAN: — Order, order. I have already stated that the Crown does not belong in these estimates, so let's proceed if you have another question.

MR. ENGEL: — I have one more question, Mr. Minister.

How many more of your departments are you going to put into Crown corporations so that you're not responsible for the problems that agriculture faces today? How many more departments are you going to put into a Crown corporation that we can't discuss in this House, that we have to wait until the year after? Are you going to put livestock branch into a Crown corporation? Are you going to put soils and crops branch into Crown corporation?

Is that your way to solve the problem so you don't have to answer questions for farmers, and you think that . . . (inaudible) . . . You parked your little buggy, you parked your little buggy in the gate of the parking lot, and none of the farmers can get in, Mr. Minister. That's what I call the kind of policing you believe in.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I suppose in so far as how many new Crown corporations we may or may not put in place, that will unfold into the future and as it will.

I guess I would have to say that it was your view during your administration that seemed to make some sense to have a Saskatchewan grain car corporation. I would say that, and I don't necessarily criticize that move, but I'm saying is it in consultation with the public we put in place a Saskatchewan Water Corporation.

In consultation, and with the public's view in mind out there, we put in place participation bonds for the Saskatchewan Oil and Gas Corporation. And with the public's view in mind, we put in place a program where the Sask power could sell bonds and the citizen could participate in, in fact, that utility. That's our approach to Crown corporations, and what might unfold in the future remains to be seen.

Item 6 agreed to.

Items 7 to 8 inclusive agreed to.

Item 9

MR. LUSNEY: — Mr. Minister, could you provide me with the information regarding veterinary clinics; the number of veterinary clinics in each district, and the amount of grant that you provided those clinics?

HON. MR. HEPWORTH: — The grants paid to veterinary clinics, I'll try and give the information as best as I can recall it in my head . . .

AN HON. MEMBER: — Send it over later.

HON. MR. HEPWORTH: — Send it over later? No problem. Happy to co-operate in our usual spirit of co-operation.

Item 9 agreed to.

Item 10

MR. LUSNEY: — Economics branch, Mr. Minister, you've got something like about 12 additional people in that branch. Could you tell me just what that branch is doing to require the 12 people?

HON. MR. HEPWORTH: — Mr. Chairman, hon. members, I really, truly do appreciate that question because the increased staffing there are part of the administrative framework to make this \$200 million ag development fund a reality out there on the farms of Saskatchewan.

And I view that, perhaps, as one of the most exciting kinds of endeavours that Saskatchewan agriculture has ever undertaken in conjunction with Saskatchewan farmers, and just as the *Assiniboia Times* — certainly a paper the member from Assiniboia-Gravelbourg will be familiar with — in the April 24th issue, a headline here: "Saskatchewan farmers moving ahead," and that's exactly what the idea behind that \$200 million Agriculture Development Fund is.

We're going to have Saskatchewan farmers moving ahead into the future, being competitors and being winners, and part of the administration is going to be funnelled through that branch. It's exciting times over there. Come on over and join us.

MR. ENGEL: — Mr. Chairman, that wasn't a headline, that was a bought ad.

Item 10 agreed to.

Items 11 to 28 inclusive agreed to.

Item 29

MR. LUSNEY: — You've got \$250,000 under Drought Relief Program, Mr. Minister. Is this something that you've still got to pay out, or is this just for administration? What is the \$250,000 for?

HON. MR. HEPWORTH: — Well this is an example of a government that believes in being on top of situations, and we recognize some several days and weeks ago, that, in fact, as a result of last summer's drought, and in some cases of overgrazing, that it was very likely that our pastures in the drought area would not recover in time, nor sufficiently to provide the necessary grazing as a summer pasture for the brood cow herd out there this summer. And rather than leave our farmers up into the air in so far as whether there would be any assistance or not, we decided to make the announcement early so that they would know.

(2100)

And in fact this is part of the same kind of program that we had in place last year, to help assist them and defray their costs in moving the cattle, from an area where there is little or no pasture, to an area where there is pasture.

I think the maximum that any person is eligible for is \$3,200. It's our view that that goes a long way to helping them decide as to whether they want to keep those cows, or they load them up and take them to the local auction mart. It's our view that the cow herd is at a dangerously low level now, and we're going to do everything we can to maintain it and, in fact, increase it and not allow it to go lower.

MR. ENGEL: — Mr. Minister, is this a number that you put in there so that you can legally go ahead with program, or is this a number for advertising the program, or do you believe that there wasn't a problem? Which is it?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I fail to follow your logic. If we had not thought there was a problem, we wouldn't have announced a program. We do recognize there's a problem out there. That is why we've announced it. Since we've announced it, I'm very happy that in many areas we've had one and two inches of rain. Great! If there isn't one farmer that has to use this, great! But based on last year's uptake we made an estimate as to what the movement might be this year and have put the number in accordingly.

And in so far as the fact that the Saskatchewan farmer is moving ahead is an advertisement, I don't see any indication here whether that's a paid ad, and I would be happy to provide you with a copy of an example in your own newspaper of how Saskatchewan farmers are moving ahead.

MR. ENGEL: — Well, Mr. Minister, they're not going to move very fast, because it took you \$570,000 for a counselling and assistance program to counsel 100 farmers. Here there are thousands of farmers that haven't got any pasture, and you think you can get by with \$250 — \$250,000 for moving people's cattle to pasture for drought assistance on a per cow head.

Mr. Minister, when you travel across southern Saskatchewan, the tops of the hills are black, they're not turning green. It's dry down there. The rain, that inch and a half of rain that was supposed to be that great miracle, wasn't sufficient to revive the grass. And all day we've been listening to him. There's no ceiling on the amount of money you can get as a tax credit if you want to save income tax at \$25 a head, but the cattlemen that were stuck with the drought, you decided to put a \$3,200 limit on it. Mr. Minister, I think if you're seriously talking about a drought, \$250,000 is a disgrace.

HON. MR. HEPWORTH: — Mr. Chairman, I'll match our commitment to the livestock producer in the face of a drought to your commitment and the bungling job that Hazen Argue did the last time we had a drought in this province any day of the week, absolutely any day of the week.

Did you ever, ever put a program in place that gave producers \$48 a head, a \$30 million program? How much money did your administration ever spend helping out the cowboys when there was a drought on in this province? How much did you ever spend helping out the cowboys?

Well, I'll tell you how much you spent. We spent \$30 million in conjunction with the federal government on one program, never mind the cattle movement policy, and the deep well programs, and the E-logging programs. Yours — you know, the program that you had in place, the program that you had in place where you paid guys to truck feed around, you spent 10 million. We spent three times that much.

But Mr. Chairman, but Mr. Chairman, Mr. Chairman, could I have leave to introduce a guest?

MR. CHAIRMAN: — The minister is asking for leave to introduce a guest. Is leave granted?

Leave granted.

INTRODUCTION OF GUESTS

HON. MR. HEPWORTH: — I would like to introduce to you, and through you, to the members of the committee, a man seated in the Speaker's gallery. This is Lynn Biggart. He enjoys the respect of many throughout the livestock community, not the last of which brings him to one of his elected positions, and that is as president of the Saskatchewan Livestock Association. I know he sits on many other boards and holds other directorships as well as, in addition to being very actively involved in a farming operation that involves not only cattle feeding but as well, grain farming. And I would ask all members of the Assembly to acknowledge and welcome them here tonight.

HON. MEMBERS: Hear, hear!

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

AGRICULTURE

Ordinary Expenditure – Vote 1

Item 29 (continued)

Item 29 agreed to.

Item 30

MR. LUSNEY: — Are you on 30, Mr. Chairman? Mr. Minister, just a short question. You had three and one-half million dollars last year for assistance to farmers. How much of that did you spend last year?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, 590,000 in administration; noting in guarantees; none are one year old at this point in time.

MR. LUSNEY: — Mr. Chairman, isn't it true that your administration costs are under item 15 rather than under item 30, and three and one-half million dollars would be virtually not spent at all — not a cent of that would be spent, so that would be that much less in that budget that you would actually be spending. You didn't spend any last year, and it's feasible that you may not spend any this year. Is that not true?

Item 30 agreed to.

Vote 1 agreed to.

CONSOLIDATED FUND BUDGETARY EXPENDITURE

AGRICULTURE

Capital Expenditure — Vote 2

Items 1 to 3 inclusive agreed to.

Vote 2 agreed to.

MR. CHAIRMAN: — Order. I don't mind a little noise, but I shouldn't have to shout so we can get through these estimates. So can we have a little order.

CONSOLIDATED FUND BUDGETARY EXPENDITURE

AGRICULTURE

Agriculture Development Fund — Vote 61

Items 1 to 4 inclusive agreed to.

Vote 61 agreed to.

CONSOLIDATED FUND LOANS, ADVANCES AND INVESTMENTS

AGRICULTURE

Vote 146

Item 1 agreed to.

Vote 146 agreed to.

CONSOLIDATED FUND LOANS, ADVANCES AND INVESTMENTS

AGRICULTURAL CREDIT CORPORATION OF SASKATCHEWAN

Vote 147

Item 1 agreed to.

Vote 147 agreed to.

SASKATCHEWAN HERITAGE FUND BUDGETARY EXPENDITURE

AGRICULTURE

Ordinary Expenditure – Vote 50

Items 1 to 3 inclusive agreed to.

Vote 50 agreed to.

SASKATCHEWAN HERITAGE FUND LOANS, ADVANCES AND INVESTMENTS

AGRICULTURE

Vote 62

Item 1 agreed to.

Vote 62 agreed to.

SUPPLEMENTARY ESTIMATES 1985-86

CONSOLIDATED FUND BUDGETARY EXPENDITURE

AGRICULTURE

Ordinary Expenditure – Vote 1

Items 1 to 3 inclusive agreed to.

Vote 1 agreed to.

MR. LUSNEY: — On the 1986 *Supplementary Estimates*, it says here . . .

AN HON. MEMBER: — 1986?

MR. LUSNEY: — That's what it says. It says:

The following supplementary estimates for the fiscal year ending March 31, 1986 are comprised of the special warrants issued in the absence of an Appropriation Act during the first part of the 1985-86 fiscal year. These amounts, which provided interim funding, are incorporated into the 1985-86 main estimates, rather than being supplemental . . .

Why are we dealing with these separately, then, if they are incorporated in the other estimates?

MR. CHAIRMAN: — These matters were . . . Order. In answer to your question, these matters are only set out for your information. They were voted in the main vote, and are not voted in addition to the ordinary expenditure, but are there for your information.

(2115)

SUPPLEMENTARY ESTIMATES 1984-1985

CONSOLIDATED FUND BUDGETARY EXPENDITURE

AGRICULTURE

Ordinary Expenditure – Vote 1

Item 1

MR. CHAIRMAN: — Order, order.

AN HON. MEMBER: — Do I get to discuss this estimate?

MR. CHAIRMAN: — Yes, you may. But if I don't get a chance to call your name, your light won't come on and you won't have the floor.

MR. ENGEL: — Mr. Minister, Mr. Chairman, this is one area where you're taking an additional amount of money out of the pockets of farmers that they're not going to forgive you for. And we can't let this vote go by without commenting on that.

You introduced it one year ago. One year the farmers had a chance to get a fair deal on their education tax. The property owners . . .

AN HON. MEMBER: — And you didn't like it.

MR. ENGEL: — I sure didn't, mister. My argument to the person that is going to be occupying that chair sooner than he thinks, he's going to be back in the seat sooner then he thinks.

And I would like to inform the Deputy Premier and the rest of you, that this one item . . . All right, the farmers are saying across Saskatchewan, and they're saying it to their neighbours across the world, you can't trust a Tory. You can't trust a conservative. They give you a program once. They agree to something. They finally got to the place. SARM, SUMA, everybody is telling you, the property taxes on education are too high. Education is demanding tremendous amounts of money.

And you are saying to the farmers, tough luck, divvy up another five million and some dollars. I think, Mr. Minister, we should stand this until the farmers get a chance to vote on it in a general election.

And you will see that that sum isn't only fair, but it's about 10 per cent of what it really should be. That sum should be \$50 million, and it should be to the farmers' advantage, not \$5 million taken away from the farmers. I think this is a mistake. I think our Premier made another big mistake. And he will live to regret this one, because it's going to cost him 50 seats in the next election.

Item 1 agreed to.

Items 2 to 7 inclusive agreed to.

Vote 1 agreed to.

SUPPLEMENTARY ESTIMATES 1984-85

CONSOLIDATED FUND BUDGETARY EXPENDITURE

AGRICULTURE

Capital Expenditure — Vote 2

Items 1 to 4 inclusive agreed to.

Vote 2 agreed to.

SUPPLEMENTARY ESTIMATES 1984-85

SASKATCHEWAN HERITAGE FUND BUDGETARY EXPENDITURE

AGRICULTURAL DIVISION

AGRICULTURE

Ordinary Expenditure – Vote 50

Item 1 agreed to.

Vote 50 agreed to.

SUPPLEMENTARY ESTIMATES 1984-85

SASKATCHEWAN HERITAGE FUND LOANS, ADVANCES AND INVESTMENTS

AGRICULTURE

Vote 62

Item 1 agreed to.

Vote 62 agreed to.

SUPPLEMENTARY ESTIMATES 1984-85

SASKATCHEWAN HERITAGE FUND LOANS, ADVANCES AND INVESTMENTS

AGRICULTURE

SUMMARY

Budgetary Expenditure

Agreed to.

Loans, Advances and Investments

Agreed to.

MR. CHAIRMAN: — What is the next item before the committee?

HON. MR. HEPWORTH: — Mr. Chairman, I believe that Agriculture estimate are concluded. And being that that's the case, I would like to thank my officials for the many hours of work and support they provided to the committee — not only to the committee over this past few days but, as well, as department officials over the past year — and I thank them very much for that.

I suppose I could use the word that they've given us a super effort — not unlike the description the editor to the *Assiniboia Times* applied when he described the Assiniboia trade fair, when he said: "Trade fair, super." Over 2,500 people turned out in that town to a trade show, showing you the kind of optimism that exists in rural Saskatchewan. Mr. Chairman, I thank my officials at the close of estimates here.

HON. MEMBERS: Hear, hear!

MR. ENGEL: — Before the officials leave, I, too, would like to extend a word of, not only thanks, but my best wishes go with you having to put up with the little member.

I appreciate him flagging the good job that's being done in Assiniboia, and we had a heck of a good time there. That is as good a trade show as they've had anywhere in Canada, Mr. Minister, and I'm proud of the business men and the people that've hung on there. But to your staff I would say, hang in there, there's going to be a brighter day tomorrow.

CONSOLIDATED FUND BUDGETARY EXPENDITURE

EMPLOYMENT DEVELOPMENT AGENCY

Ordinary Expenditure – Vote 49

Item 1

MR. CHAIRMAN: — Will the minister introduce his officials.

HON. MR. LANE: — It's my pleasure to introduce to the Assembly, Mr. John Siu, who is seconded from the Department of Justice — is the chief executive officer of the Employment Development Agency; and Mr. Arthur Battiste, who's the chief operation officer; and behind me, Mr. Greg Wensel of my staff.

Mr. Chairman, before we begin, I would like to direct to the attention of the committee and the people of Saskatchewan some remarks giving an overview of the government's initiatives in the area of employment development, and to review with the committee the historical and global perspectives which have a direct bearing on employment in Saskatchewan.

Needless to say, it is an extremely complex subject involving factors that are regional, provincial, and national and international in their scope. What happens in Europe has an effect on employment in Saskatchewan, and the tremendous competitiveness of Pacific rim nations, such

as Japan, has an effect on employment in our province.

Decisions made in Ottawa have an effect. In terms of regional factors, the health of the oil industry especially affects areas such as Weyburn, Estevan, Swift Current, and the Lloydminster-Kindersley regions. On the other hand, developments in the forestry industry have special meaning for northern regions, such as Prince Albert.

Employment is a much more complex subject than a few simple statistics might indicate. This was illustrated very well in the budget speech recently presented in the Assembly by the Minister of Finance. But let me provide a brief outline, to bring it back into focus for a moment.

As might be expected for an export-oriented province, Saskatchewan was a national economic and employment leader during the years of world-wide economic growth of the 1970's. Even then, largely unnoticed in the heady atmosphere of growth and prosperity, Mr. Chairman, the first dark clouds were gathering on the horizon as a labour force began to grow faster than the number of new jobs.

It is not surprising, then, that the world-wide economic downturn of the 80's exerted considerable downward pressure on our export-oriented Saskatchewan economy, and this has led to increased employment problems.

Ironically, partly because of her excellent employment and job creation record, more and more people are returning or moving into Saskatchewan to look for work. As a result, even though we have one of the best job creation records in Canada, we must feed our economy at an even greater rate in order to keep pace with our growing labour force.

There's much more, but suffice to say that mixed into the employment equation we have economic development, weather, education and training, interest rates, local government, the private sector, technology, a host of considerations; some within our control, some not.

In 1984 the average unemployment rate in Saskatchewan was 8 per cent despite last summer's drought and our early winter. Nationally and internationally our performance in keeping unemployment low and creating new jobs is considered well above average.

However, there are certain world-wide forces of change and characteristics of our labour force that represent current and future challenges that require our immediate attention. These challenges, Mr. Chairman, are as follows: firstly, technological change is progressing at a rapid rate, and many industries will require more highly skilled employees. The technological change will mean new industries, and Saskatchewan must meet the challenge.

Secondly, world-wide competition is fierce, and Saskatchewan as an exporter must be competitive and innovative, or we will lose our markets and jobs.

Thirdly, more and more women are entering the labour force. They expect and deserve jobs and equal treatment. Between 1975 and 1984, the percentage of women in the paid work force increased from 33.4 per cent to just over 40 per cent. And this trend continues.

Saskatchewan and, indeed, Canada have a very high unemployment rate for people of native ancestries. Although current data is scarce, it is estimated that the unemployment rate for natives may be two to three times higher than the national and provincial averages.

Fifthly, Mr. Chairman, in 1984 the unemployment rate for young people between the ages of 15 and 24 was 15 per cent, compared to roughly 8 per cent for the total population. Youth employment is serious, in that it has long-term consequences. It is vital that our young people gain work experience and become an integral part of our society.

Given the national and international character and causes of unemployment, the problems of unemployment must be fought on both the national and provincial level. At the national level, there are two things that must be done, Mr. Chairman. Firstly, a national trade strategy must be developed to allow Canada and Saskatchewan to compete successfully in the world market-place. We are a trading nation, and our prosperity depends on it.

(2130)

Secondly, work must begin on a long –overdue, national economic strategy. Long-term economic growth is the key to ridding ourselves of high unemployment. In a modern, complex society such as ours, a strategy is needed. Without foresight and planning, we will not simply luck in to economic growth.

We would hope that the strategies could be developed through consensus at the federal and provincial levels, particularly in the context of continuing rounds of federal-provincial discussions on international trade, and on regional and industrial development.

At the provincial level, Mr. Chairman, Saskatchewan, too, must have a strategy and a goal. Elements of our strategy are in place, and we must continue to build and expand on them. The changing economic conditions of the 1980s required new policies. In 1983 the government responded to the higher unemployment rate by implementing a major expansion of technical training and skills development. This was followed by a two-part strategy in 1984 consisting of major programs to assist long-term business development, and a set of short-term programs to provide direct jobs.

As you know, shortly after being named as minister responsible for employment development, I informed the agency to pool our resources and our ideas to co-operatively work to ensure that Saskatchewan people ride the crest of this wave of change, rather than being swept away by it. Very few governments, Mr. Chairman, anywhere have taken such a co-ordinated creative approach to employment development.

One of the important tasks of the Employment Development Agency is to monitor, promote, and co-ordinate provincial government programs, and to ensure that every opportunity to participate in these and other employment development programs is available to the people of the province. This will ensure the maximum efficiency, the most jobs per dollar for provincial government programs.

It will also provide, Mr. Chairman, an important example. If the people of Saskatchewan are expected to work co-operatively together and in partnership with their government, then they should certainly expect to see their various provincial government agencies working together as well.

Along with this, the Employment Development Agency is formulating an employment development strategy as a framework within which we can achieve our goals. This strategy will reflect and assist Saskatchewan's economic development and social development strategy.

The three main components of this strategy are reflected in the Employment Development Fund, which was announced in the recent budget speech, and details of which I am proud to present to this Assembly now.

First of all, the Employment Development Fund is, above all, a plan of action, Mr. Chairman. Why do we need such a fund? After all, statistics show that Saskatchewan consistently leads the nation in levels of employment and in job creation.

For one thing, statistics are not people, and this government is committed, above all else, to continue to serve the people of Saskatchewan. We don't have to form task force or study groups

to know that employment is the major concern of Saskatchewan people these days.

We are concerned about the frustration and alienation, the very real and personal hardships being suffered by those who want to work and can't. We are especially concerned about the increasingly negative effect this is having on the spirit of our Saskatchewan people, particularly young people.

There is so much publicity about unemployment that people looking for work expect to fail. Even among the 92 per cent who are working, there may be uncertainty about the future. These are not statistics, Mr. Chairman. These are people in our constituencies, in our communities, in our families, and our friends' families.

So while we do have the best employment record in Canada, while we do have one of the best job creation records in Canada, it is not good enough, and we must do better.

To deal with this complex issue, the Government of Saskatchewan has committed \$600 million to a new Employment Development Fund over the next five years. This will begin with \$120 million in 1985-86 to result in more than 22,000 direct jobs created or sustained. Of the \$120 million provided in 1985-86, approximately 75 million, or over 60 per cent, is new funding for new, innovative programs or to expand existing, successful programs.

Six hundred million dollars, Mr. Chairman, is a lot of money at a time when the world and national economies are recovering from the severe recession of the last several years, and when our Saskatchewan economy is moving towards renewed growth. But even more important than the dollar figure is the new direction implicit in the creation of this fund.

The activities of the 25 employment related programs administered by 12 provincial government departments and agencies, under the umbrella of the Employment Development Fund, will all be co-ordinated and directed by the new Employment Development Agency. Through effective focusing of our resources, we will make a start in helping Saskatchewan people to make use of the factors over which we have some control, and to lessen the effects of those we cannot control.

Mr. Chairman, the short-term plan for seasonal employment. A number of successful programs have been developed recently to help lessen the impact of fluctuations, such as climate, but even here, Mr. Chairman, rethinking is in order. I stress, once again, the value of co-operative effort. Much of the credit for the success of the recent winter works program has to go to the Saskatchewan spirit of working together that is exemplified by the strategy and practices surrounding the Employment Development Fund.

As a result of the winter works program, through the efforts of government in co-operation with the municipalities, small businesses, and non-profit community groups, we have helped to create meaningful employment for thousands of people who may have been idled by the impact of last summer's drought or who lack the experience necessary to land that first job. Mr. Chairman, well over 6,000 jobs were created by the winter works program, and if past experience is an indicator, many of those will turn out to be permanent jobs.

The Employment Development Fund contains \$4,600,000 for winter works carry over. As previously, the program will involve the co-operative efforts of the four provincial government departments, working in harmony with local governments, the private sector, and community non-profit groups, co-ordinated and promoted even more strongly than before by the Saskatchewan Employment Development Agency. The carry over of this successful initiative will maintain some 2,870 people in full-time employment until the late spring.

The recently announced \$8 million Canada-Saskatchewan Opportunities '85 program also makes Saskatchewan a national leader when it comes to imaginative, efficient employment

development. For this program over \$8 million is allocated in the Employment Development Fund. It is expected to create more than 8,000 jobs for Saskatchewan university, technical school, and, for the first time, high school students. But its implications go much further than that.

For one thing, it is targeted to create many more jobs than last year, at little extra cost to the taxpayers of Saskatchewan, simply because the federal and provincial governments are handling the program co-operatively, instead of each going its own way. We are seeing concrete results from the positive attitude and willingness to co-operate, demonstrated at the first ministers' conference held here in Regina.

But in addition to the very considerable short-term benefit of providing opportunities for summer employment for 8,000 students so they can continue their education, the Canada-Saskatchewan Opportunities '85 program is also designed with a transition-to-employment component that will have many positive and long-term benefits.

This new initiative in joint programming will provide career-related and practical work experience to students. The employer decides the job requirements. The Canada Employment centres for students refer eligible and qualified students to the employer for selection.

This means that the employer gets help with skills and interest they need, and students get that all-important experience so necessary to focus their education and training, and so essential when it comes time to enter the work-force on a more permanent basis.

In many cases, it is quite likely that an ongoing employer-employee relationship will develop in an early stage of business, and other organizations become acquainted with promising young men and women that they may want working for them in the future, and as students identify promising career prospects among these organizations.

Many other jurisdictions have hoped for similar results from this type of program. Many have tried, but Saskatchewan again delivers. The medium-firm plan, Mr. Chairman, is one of transition to employment. We must work just as hard and creatively to make sure that our young people, as well as those adults who need it, have the world class education and training to take advantage of the employment opportunities that will arise out of our economic strategy.

And once again, those entering or re-entering the work-force have that education, government can and should play a part in helping them through that next critical step of getting that all-important, first job.

The Employment Development Fund has allocated \$13,550,000 to make sure that this happens. A number of these transition-to-employment issues are addressed in programs delivered by Advanced Education and Manpower. For example, the Employment Development Fund allocates \$5,050,000 for the highly successful access youth program, an increase of \$2 million over the amount provided last year.

The program created some 400 jobs last year, and is targeted to create 1,725 more in 1985-86. This program helps provide that job-specific training and experience which leading educators and employment experts have identified as vital in today's changing, competitive employment market.

As well, \$6 million has been allocated for the Saskatchewan Skills Development Program to provide training for social assistance recipients to acquire the skills to enter the work-force.

A further \$1 million is allocated for the new Trade Opportunities Program delivered by the Department of Finance. Under this new, two-year Trade Opportunities Program, many of Saskatchewan's top university and technical students will gain valuable experience in and

outside of Saskatchewan in export-oriented businesses. The program will subsidize 50 per cent of the salary of a company's new employee to a maximum of \$10,000 for the first year, provided that the employee's function is to find export markets for that business.

The Saskatchewan government will also fund any approved training class during that first year of employment. During the second year of employment, the Saskatchewan government will fund eligible costs related to employment of the participation in a location outside Saskatchewan in a marketing role on behalf of his or her employer.

The result will be a steady stream of our province's potential future leaders returning each year to Saskatchewan with valuable experience for our export-oriented economy. The Trade Opportunities Program will provide employment not only for the direct participant, but for future employees the company may employ as a result of increased export sales.

Further refining and developing this transition component is the students in industry program delivered by the Saskatchewan Research Council. A proven performer, this program has already demonstrated its worth by allowing businesses to integrate new technological and management concepts into their operation while students gather experience which will develop their careers.

It has all the hallmarks of our new thrust in employment development: flexibility to help meet the needs of participants on both sides, business and students; long-term implications in helping Saskatchewan business and our future industry leaders gear up for the changing world in which we live; and once again, close co-operation between many sectors of our society, including educators, business managers, students, government, and labour.

(2145)

The Employment Development Fund has earmarked \$1.5 million for this expanded program which will assist approximately 250 students and now graduates with employment. These transition programs will complement the government's commitment to increase the number of technical institute training spaces by 60 per cent, now entering its final phase. Also required will be changes in the training system itself to reflect the new realities of a society in transition.

Mr. Chairman, native people entering the labour force may face many employment obstacles and, as a group, suffer an employment rate far above the provincial average. Unless changes occur, they will remain on the fringes on the labour market. Therefore, the Employment Development Fund has allocated \$610,000 to the Native Career Development Program delivered by Saskatchewan Advanced Education and Manpower, designed to create up to 160 jobs. The 1985-86 allocation to this program is an increase of over \$250,000 over last year, and this will allow the program to double skilled training and job placements.

The transition programs will be of particular benefit to women. As related earlier, women now represent 40 per cent of the work-force. The influx of women into the labour force has increased dramatically since 1970, but they remain underrepresented in management, professional, trade, and technical jobs. University women continue to be underrepresented in graduate programs, and remain concentrated in what are termed as traditionally female fields of study.

Women are therefore most likely to benefit from the types of education, training, and work experience programs I have described as a means of receiving equal opportunity to enter the career stream of their choice and break out of the more traditional roles if they so desire.

To quote Mr. Don McGillivray in the Saskatoon *Star-Phoenix*:

Questions about female employment are usually approached from the wrong direction. We talk about what Canada should do for its women, rather than what women could do for Canada. Women get on the agenda as a problem, not as an

opportunity.

The government of Saskatchewan is determined to ensure that women have the same opportunities as men to achieve their full potential to the benefit of all the people of our province.

People who have physical disabilities also face unique employment barriers, and one way the Employment Development Fund addresses this is by allocating \$2,457,000 for the Saskatchewan employment Support Program delivered by the Department of Social Services. This program is expected to develop up to 600 employment opportunities during the 1985-86 budget year.

Mr. Chairman, the world-wide recession increased welfare dependency across Canada and in Saskatchewan. The Saskatchewan people we talked to don't want more welfare, more hand-outs, and more dependency. They want dignity, meaningful employment, and economic independence. They want the opportunity to work, and the employment Development Fund has set aside \$11,610,000 to make that opportunity available.

In many instances they just never had the opportunity to gain meaningful work experience and the skills that arise from that experience. Therefore, \$2,620,000 has been allocated from the fund to continue the innovative and far-reaching initiatives started under the New Careers Corporation. During 1985-86, this program will continue to provide welfare recipients with career-related training at community colleges, technical schools, and universities, as well as the opportunity for vital work experience at various capital project sites in our northern forests in our provincial parks and in communities throughout the province.

In short, Mr. Chairman, these initiatives will continue to provide new opportunities for many welfare recipients to escape welfare dependency, while enhancing the tourism potential of our parks.

Not only that, Mr. Chairman, but in addition local suppliers are used whenever possible, and heavy construction equipment is rented from private contractors for this program. Such a policy provides an additional boost to the local economy and to local employment. Similarly \$9 million has been provided for in the Employment Development Fund for the Department of Social Services Employment Development Program to provide jobs for people on social assistance.

Thus there be there any doubt, whether we like it or not, we're already into an economic and social transition period. We're entering what is being called the post industrial society. A new world of science, computers, and high technology. But most importantly it is now a world of change.

We can no more discuss whether or not to participate in this transition period than we can discuss whether or not we want to have winter this year. But we can discuss whether we want to be dragged along through this transition period, bringing up the rear and suffering its consequences, or whether we want to open our minds to the reality, lead our province and indeed the world through this transition, and benefit from its opportunities.

The programs targeted for the medium-term component of the Employment Development Fund, with the close co-operation and hard work of the private sector, governments at all levels, educators, students, and the general public will ensure that, working together, the people of Saskatchewan will not be left behind.

Mr. Chairman, let me move to the long-range plan of economic development. Although short-term job creation as well as the education and training have important implications, the simple fact remains that there have to be jobs available. And this is the greatest challenge of all: to ensure that our communities and our province will have the necessary economic strength, structures, and stamina to sustain a stable environment of meaningful employment in the long

term for all who want it.

This will require a great deal of consultation and creative thinking — changes in the way we do things — but we must start now. What we do or do not do now will inevitably have its effect on future generations.

We are addressing the long-term aspects of employment development through the economic development components of our Employment Development Fund. Included in the economic development component of the fund is \$3.250 million for regional development, and \$9 million in 1985-86 — that's \$20 million over the next three years — for the new Small Business Interest Reduction program administered by the Department of Tourism and Small Business.

Under this major new initiative, interest rates on approximately \$400 million in loans will be lowered down to as low as nine and five-eighths per cent. This commitment is a very significant one in that it should provide stability to small firms from the ravages of high interest rates. And I would also like to point out that this program fulfils another of our campaign promises.

Another economic development component includes the Industrial Incentive Program administered by the Department of Economic Development and Trade, for which the government in this budget allocates \$7.311 million. The program is yet another proven performer, providing incentive payments to companies which undertake capital investment and permanent job creation in manufacturing and processing.

As announced earlier this year by the Hon. Eric Berntson, Deputy Premier, the program has already surpassed its original targets, by generating \$55 million worth of industrial expansion plans by the private sector, creating more than 1,800 new permanent jobs.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. LANE: — For each \$7,500 incentive payment made under the program, one permanent job has been created, one new salary is generated, and an average of \$31,000 is invested by private enterprise in an expanding local business.

Hundreds of jobs, millions of dollars worth of spin-off economic activity, and with the new moneys committed to this program under the Employment Development Fund, plus the increased flexibility in co-ordination made possible by this new approach, even more economic and employment benefits will be realized by the people of Saskatchewan and communities throughout the province.

It shows that, given the proper encouragement and business climate, the private sector can, and will, provide the kind of true employment stability we all want to achieve.

Our strategy also recognizes the importance of tourism to Saskatchewan's economic and employment development. More than 40,000 Saskatchewan residents are employed either directly or indirectly in the tourism industry in -Saskatchewan. Saskatchewan has traditionally been a pass-through vacation destination, with the amount of time spent, on average, by tourists in the province being in the neighbourhood of only one and a half days or so.

Obviously any increase in the amount of time tourists spend in Saskatchewan has enormous potential for creating employment. With this in mind, the Employment Development Fund has allocated seven and a half million dollars towards tourism-related activity, and this includes a first-time funding of \$1 million for the tourism ERA (Economic Regional Development Assistance) program, which will do much to increase private sector tourism opportunities.

This is one of the many joint programs in which the provincial government works in close harmony with the private sector and the federal government, continuing the new era of close

co-operation inaugurated by the first ministers' conference in Regina earlier this year.

The fund also has provisions for the disbursement of nearly \$3 million in Heritage '85 activities. These activities will not only greatly increase the flow of tourists to our province, but many of the activities will themselves directly create employment.

The fund looks further ahead to tourism development next year and in the longer term, by providing 3.646 million for Saskatchewan Expo 86. As you know, Saskatchewan has already achieved a very high profile in this major national show-case, and we look forward in 1986 to a very high degree of tourism development through our pavilion and associated activities there. The project is also directed to creating more immediate employment opportunities in Saskatchewan by ensuring that all possible equipment, services, and personnel for the project to come from our province.

The long-term economic development is especially important for native people in their struggle for stable, meaningful employment. The Saskatchewan Employment Development Fund addresses this issue by allocating \$2 million for the Indian economic development program or project of the Indian and Native Affairs Secretariat.

The Employment Development Fund provides a total, Mr. Chairman — and I ask all hon. members to listen. The Employment Development Fund provides a total of nearly \$50 million for a tremendous number of capital works projects which have many long-term benefits over and above, but certainly including, immediate creation of employment opportunities.

For example, Mr. Chairman, \$10 million has been allocated to the Department of Supply and Services for various government capital projects and the province, around the province, including \$4 million for the new Saskatoon arena. These projects will not only create jobs during 1985-86, but will leave the people of Saskatchewan with a lasting legacy of useful facilities of every description.

As well, the new federal Young Offenders Act will require expenditures of \$4 million in 1985-86 for the construction and renovation of correctional facilities, and will eventually create 160 new, full-time jobs with the provincial government, in addition to construction employment.

Mr. Chairman, 2,250,000 has been set aside for the Saskatchewan Urban Affairs to complete the carbon filtration plant at Buffalo Pound Lake, again creating further employment and ensuring the citizens of Regina and Moose Jaw of a safe, adequate, and stable source of that most basic of needs — water.

Interestingly enough, Mr. Chairman, that particular project was not considered during ten years of NDP government, and it took a Conservative government to begin to bring clean water and potable water to the people of Regina.

In addition to the carbon filtration plant, the Department of Urban Affairs will be administering assistance for capital projects to communities all over Saskatchewan under the new Provincial Capital Fund for which \$17,300,000 has been set aside in the Employment Development Fund. Funding of \$50 per capita will be available to municipalities over the two-year life of the program to construct or rejuvenate municipal works, such as streets, fire halls, etc. This will go a long way towards addressing the question of urban infra-structure, which is a major concern to local governments throughout the province.

The Regina Rail Relocation project administered by this department will stimulate private sector economic activity in our provincial capital by freeing up valuable urban land, resulting in many job creation opportunities. 1,500,000 has been allocated for this project.

Nearly \$12 million has been set aside of the completion and equipping of the new Prince Albert

Technical Institute. The implications of this project are far-reaching indeed, and go far beyond the immediate construction jobs created. The institute will answer many of the pressing concerns of northern Saskatchewan people regarding long-term economic development of the North, and will provide our northern young people with a world-class head start when it comes to taking advantage of employment opportunities that will be stimulated in our developing North.

Putting it all together, Mr. Chairman, when we were looking at the employment picture nationally and internationally, it is plain that Saskatchewan can be very proud of its employment performance compared to other jurisdictions.

Between 1981 and '83, the average unemployment rate in Canada jumped from 7.5 to 11.9 per cent. Similar experiences occurred in most other western nations. Britain, Holland, Italy, and Belgium all suffered peak rates above 12 per cent. Even West Germany, the economic power-house of Europe, experienced rates in the 9 per cent range. The rate in the United States peaked at 10.7 per cent.

Saskatchewan's unemployment rate never came near those figures, and I'm proud to say it's still the lowest in Canada. The latest Statistics Canada figures for March show that Saskatchewan continues to retain its long-standing hold on the top spot of employment levels in Canada with an adjusted unemployment rate of 8.6 per cent, the lowest unemployment rate of any province in Canada. And this compares to Manitoba at 9 per cent.

(2200)

Since March of 1984, the total number of employed persons has increased by 14,000, or 3.2 per cent. In contrast, the number of employed persons in Manitoba has increased by only 1.3 per cent, or 6,000. The report also shows that, on a seasonally adjusted basis, employment in Saskatchewan increased by 4,000 in March over February, or 7,000 on an unadjusted basis.

The Statistics Canada report shows that Saskatchewan labour force stood at 490,000 on a seasonally adjusted basis, up from 484, 000 in February, and up from 474,000 in March of 1984. Since March of 1984, employment in Saskatchewan is up 5,000 in manufacturing, 6,000 in the service sector, and 2,000 in the transportation sector.

We're not complacent because Saskatchewan is outperforming most other western nations. We're not resting on our past achievements because Saskatchewan is the national leader in employment and job creation. Employment in Saskatchewan is well above pre-recession levels, despite the drought. We don't think Saskatchewan has to follow the trends when we are setting them.

Mr. Chairman, it is significant as the concept of the Employment Development Fund might be, it is just a fraction of the effort and resources that this government is focusing on the issue of employment development.

Yes, \$600 million has been committed through the Employment Development Fund over the next five years — \$120 million in 1985-86 alone. Twenty-five employment-related programs administered by the 12 departments and agencies imagine that they'll be co-ordinated, promoted, and directed for maximum efficiency by the new Saskatchewan Employment Development Agency.

But virtually every department of this government — every department — has programs directed towards economic and business growth and improvement, education, training, research, and development. These do not come under the umbrella of the employment Development Fund, but, as minister responsible for employment development, I want to touch on some of these highlights in order to emphasize this government's total commitment to the

future of our province.

Agriculture, of course, remains the backbone of our provincial economy, and I'm pleased to point out that \$130 million in agricultural spending will ensure that the short-term well being, and long-term growth, of this vital industry. From a healthy agricultural industry flows food for the world, employment for Saskatchewan people.

I noted, with a great deal of pleasure, the mention in the budget speech of the most ambitious measure so far in the field of education — a new, five-year proposal to spend an additional \$400 million to upgrade the quality of education provided by our school and university system. This will provide the world class educational infrastructure to meet many of the programs and goals previously described in the Employment Development Fund.

The Federal-Provincial energy agreement will help ensure the continued growth in Saskatchewan's oil and gas industry. This means higher investment and stronger provincial revenues by allowing the petroleum industry to act as an instrument of economic growth. But most importantly, as employment development minister, it means more jobs — more employment.

The Husky Oil upgrader at Lloydminster and the Co-op upgrader in Regina — together they spell economic development, business opportunity, and, above all, jobs. Hundreds of them.

Dozens of other programs in various departments are aimed at business assistance and development; forestry, mining, and manufacturing — virtually every facet of what is rapidly becoming one of the most diverse and resilient economies in the world, and in each and every one of them there is that all important potential for increased employment opportunities.

Since becoming minister responsible for employment development, I and my officials at the agency have been communicating with individuals as well as business and community organizations throughout the province. This consultation and input has been reflected in the Employment Development Fund action plan which I have outlined, and I wish to thank the people of Saskatchewan for their enthusiastic participation.

But much remains to be done in fine tuning our employment development strategy to meet the particular needs of the various regions, communities, and sectors of the Saskatchewan economic and social fabric. To this end, as soon as possible I will be inviting representatives of business and community organizations throughout the province to meet with me in their communities to further develop the employment development process.

Mr. Chairman, it's time to re-think employment. It is a chance to begin to think about employment, because 92 per cent of our people are working, Mr. Chairman.

I thank the Assembly for this opportunity to make this a statement — the opening statement to describe for the Assembly a plan of action to deal with employment development — an orderly, flexible, and sensitive course of action co-ordinated and financed by the Saskatchewan Employment Development Agency through the Employment Development Fund.

This is a five-year plan, a long-term plan, and I want to emphasize that point because governments in general, and politicians in particular, have often been accused of being short-sighted — of taking the expedient, convenient way out.

However, we believe we have received a clear signal from the people of Saskatchewan to take realistic, non-partisan approach to employment, and to deal with the issue, not only in terms of this summer, next winter, or even next year, but in terms of a much broader vision.

They expect this of us for five very good reasons. Employment is a very complex issue.

Employment concerns will not correct themselves, nor can they be corrected on an ad hoc basis. Government cannot successfully solve employment issues all by itself, but must provide leadership and focus.

And fourthly, in the vast mosaic of Saskatchewan, employment development programs must be people-oriented and sensitive to regional and community needs. Employment goals can only be achieved through the co-operation, consultation, co-ordination, and direct involvement of governments, communities, business, educators and labour. We must rethink the whole employment issue.

And I extend to the hon. members opposite the same challenge and responsibility that the people of Saskatchewan have extended to us; to work together with them in a spirit of good will without constantly stumbling over short-term, partisan opportunism, so that some day our children and our grandchildren can look back and say, because we dared to try something different, because we worked together and cared together, we all finished in first place.

SOME HON. MEMBERS: — Hear, hear!

The committee reported progress.

The Assembly adjourned at 10:11 p.m.